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Department of the Navy*

Highlights of the Department of the Navy

FY 2013 Budget



February 2012

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SECTION I – DEPARTMENT OF THE NAVY: 2013 AND BEYOND

OVERVIEW



The Fiscal Year (FY) 2013 budget reflects a strategic inflection point as we transition from today's conflicts and position the Navy-Marine Corps team for the challenges of tomorrow. Aligned with the new strategic guidance for the Department of Defense (DoD) and constrained by economic and fiscal challenges, the Department of the Navy (DON) will continue operating forward

across the globe, providing the nation offshore options to deter and defeat aggression today and into the future. Navy and Marine Corps capabilities and capacity will prove crucial as our Nation's focus shifts to the Asia-Pacific region. Additionally, forward deployed forces are a cornerstone to assured access to the global commons.

Going forward, the Department will present a more streamlined force, born of this changing strategy and tempered by difficult decisions reflective of constrained resources. The DON budget request for FY 2013 is \$9.5 billion less than planned for in the FY 2012 President's Budget. In total, the DON's FY 2013 President's Budget Future Years Defense Program (FYDP) incorporates over \$58 billion in reductions.

The Department strives to maintain a healthy industrial base to ensure future innovation and technological advantage. We invest approximately \$13 billion per year in shipbuilding, resulting in forty-one new construction ships across the FYDP, a decrease from the FY 2012 President's Budget. We terminated the procurement of the ocean surveillance ship (T-AGOS), reduced procurement of the Joint High Speed Vessel (JHSV) and fleet oiler replacement (T-AO(X)), and delayed procurement of a *Virginia* Class submarine from FY 2014 to FY 2018. Also, recapitalization of LSD(X) was delayed. This budget continues to support development efforts for the OHIO Class Replacement Program, but at reduced levels.

The Department continues to procure aircraft at sufficient levels to meet fielding and combat requirements with manageable risk. However, many programs have been delayed or reduced. The Joint Strike Fighter (F-35 B/C) is reduced by nearly 50% across the FYDP. Additional reductions include P-8A, MV-22B, MH-60R, and KC-130J. While funding for Unmanned Aerial Vehicles (UAV) has been reduced, it remains robust despite a delay in the Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) program and termination of the Medium Range Maritime Unmanned Aerial System (MRMUAS).

This budget continues to provide the Nation ready options around the globe as the Department lays the foundation for increased Forward Deployed Naval Forces (FDNF) in various locations, most notably Rota, Spain. Despite increasing our FDNF posture, overall Battle Force Ships continue to decrease to 284 in FY 2013 as we decommission seven cruisers over the next two years due to fiscal constraints. The budget restores base funding for 51 underway days per quarter for deployed forces and 24 days per quarter for non-deployed forces. Additionally, ship depot maintenance is funded to 80 percent in base, and Navy/Marine Corps flying hours are budgeted at a T-2.5/T-2.0 rating.

In accordance with the new strategic guidance for DoD, the Marine Corps will implement a 20,000 end strength (ES) reduction from 202,100 to 182,100 beginning in FY 2013 to be completed by the end of FY 2016. This accelerates the previous 20,000 ES drawdown over two years that was planned previously in FY 2015. The Marine Corps' strategically reduced force structure of 182,100 ES will be optimized for rapid crisis response and forward-presence to meet the President's direction to remain agile, flexible, and ready for a full range of contingencies. As relocation plans for the Marines in Okinawa, Japan remain under review we have adjusted Guam military construction (MILCON) to reflect ongoing supplemental environmental impact statements and focused construction at known enduring locations. The Department's current proposal provides the best balance of strategic and financial considerations.



Today's Navy and Marine Corps team maintains its active contribution to continuing Overseas Contingency Operations (OCO), and remains committed to supporting non-traditional joint requirements in Afghanistan, the Middle East, and the Horn of Africa, with added emphasis on Asia and the Pacific. The FY 2013 request of \$14.2 billion for contingency

operations will continue to sustain operations, manpower, equipment, and infrastructure repair.

The DON spearheaded efforts in FY 2012 to develop greater energy independence and conservation ashore and afloat. The energy goals stated last year—cutting petroleum usage and finding alternative energy sources—all remain on track. Joint efforts with the Department of Energy and Department of Agriculture support the effort to produce commercial scale biofuels at prices comparable to commercial oil. The FY 2013 budget continues to support the energy savings efforts embedded in the FY 2012 President's Budget.

A worldwide presence, credible deterrence, the ability to provide offshore options from naval platforms anywhere on the globe, and the ability to prevail at sea continue to be the basic themes of the strategic maritime posture. As the Department focuses on new 21st Century defense priorities, the Navy and Marine Corps remain committed to providing the best investment value within funding realities.

NEW STRATEGIC GUIDANCE FOR THE DEPARTMENT OF DEFENSE

The new strategic guidance for DoD presents a smaller and leaner force that is agile, flexible, ready, and technologically advanced. Our cooperative maritime strategy prepares the DON for these future challenges and protects the U.S. national security interests while reforming under these guidelines. The core of this strategy is for the Department of Defense to succeed in ten missions: counter terrorism and irregular warfare; deter and defeat aggression; project power despite anti-access/area denial challenges; counter weapons of mass destruction; operate effectively in cyberspace and space; maintain a safe, secure, and effective nuclear deterrent; defend the homeland and provide support to civil authorities; provide a stabilizing presence; conduct stability and counterinsurgency operations; and, conduct humanitarian, disaster relief, and other operations.



Together, the Navy and Marine Corps constitute the nation's forward rotational force, with Navy and Marine Corps units operating globally at sea and on land. Our flexible, mission-tailored forces, are able to deliver capability where needed on short notice. The strategy emphasizes the importance of engaging foreign counterparts, and grants us the ability to prevent conflict by both direct and indirect interactions. We will continue to provide a balanced blend of peacetime engagement and major combat operations capabilities.

COUNTER TERRORISM and IRREGULAR WARFARE

Maintaining security in the world involves putting constant pressure on terrorist organizations. The Navy will continue global efforts to reduce terrorism by disrupting, dismantling, and defeating terrorist organizations through a variety of techniques, including irregular warfare. We will increase sea-based support of our special forces and maintain persistent intelligence, surveillance, and reconnaissance programs. As efforts in Afghanistan continue to drawdown, our global efforts will become more widely distributed.

DETER and DEFEAT AGGRESSION

The Navy and Marine Corps will maintain their ability to deter and defeat aggression anywhere in the world by land, air, or sea. The prepositioned assets and partnerships with allies allow the Department to operate whenever and wherever possible conflicts occur. Preventing conflicts is preferable to fighting wars, and deterrence must be viewed globally, regionally, and trans-nationally, via conventional, unconventional, and nuclear means. Effective theater security cooperation activities are a form of extended deterrence, creating security, and removing conditions for conflict. The Navy and Marine Corps will have a sizable presence in the Pacific, balancing the capability of rival powers while deterring smaller adversaries. We will maintain robust joint integration with the Army and Air Force, so that each operation can be completed with speed and efficiency. The Department will remain vigilant in keeping the world's oceans open for free trade by maintaining a credible capability at strategic maritime crossroads.



PROJECT POWER DESPITE ANTI-ACCESS/AREA DENIAL CHALLENGES

Threats to the United States go well beyond our borders and into areas in which access is a challenge. The Navy will continue to project power in these areas through the positioning of carrier and amphibious strike groups and the use of unmanned vehicles. The expeditionary ability of the Marine Corps to get to any area in the world quickly and with lethal force will further deter adversaries on land. While the growing number of nations operating submarines presents a challenge, we will continue to exercise sea control with an advanced fleet of submarines and an investment in other anti-submarine warfare technologies. Despite the growing number of counterinsurgency operations compared to conventional warfare, we will retain the ability to fight a traditional war. Our future weapons and systems will be able to handle irregular situations. Our force will remain in a state of warfighting readiness with the best training, quarters, and healthcare available. We will continue to properly balance the amount of active military with that of reserves to ensure that the mission is completed while motivation and retention remain high.

COUNTER WEAPONS OF MASS DESTRUCTION

The Department will continue to play an active role in preventing the proliferation and use of nuclear, biological, and chemical weapons. Further, investments will continue to ensure the capability exists to detect, protect against, and respond to the use of these weapons, should preventive measures fail. Our investments in unmanned vehicles will allow us even more access to all the corners of the world, to prevent our adversaries from finding “safe havens” to conduct operations.

OPERATE EFFECTIVELY IN CYBERSPACE and SPACE

Reliable information, communication networks, and access to cyberspace and space are required to maintain a modern Navy and Marine Corps. The Navy created Fleet Cyber Command/Tenth Fleet to directly confront these challenges. We will invest in technology to pace threats. The Department will continue to work with allies and invest in additional capabilities to defend its networks, operational capability, and resiliency.

MAINTAIN A SAFE, SECURE, and EFFECTIVE NUCLEAR DETERRENT

The Navy will remain the nation's world-wide security force, with nuclear-armed submarines that can confront an adversary under any circumstance. Maritime ballistic missile defense enhances deterrence by providing an umbrella of protection to forward-deployed U. S. forces and partners, while contributing to the larger architecture planned for defense of the United States.

DEFEND THE HOMELAND and PROVIDE SUPPORT TO CIVIL AUTHORITIES

The Department will remain ready to defend U.S. territory at all times, and against all foes. Our missile defense capability will provide vital protection in this effort. We will provide support to civil authorities in the event of a natural disaster or catastrophic event as needed.

PROVIDE A STABILIZING PRESENCE

United States naval forces significantly contribute to cooperative security operations through forward presence and sustained, routine engagement with foreign partners and allies. An uncertain strategic environment places a premium on multi-purpose forces that possess the ability to easily integrate the efforts of diverse partners. Budget realities, however, reinforce that thoughtful choices will have to be made to select the location and frequency of these operations going forward. Worldwide operational activities include multi-national training exercises, transnational crime operations, such as drug interdiction, and joint maneuvers.

CONDUCT STABILITY and COUNTERINSURGENCY OPERATIONS

The Navy and Marine Corps will use the lessons learned and expertise gained by ten years of counterinsurgency and stability operations in Iraq and Afghanistan to be ready to conduct limited operations anywhere as needed. The Department's contribution to coalition forces will address instability and demands of counterinsurgency operations without significant force commitment by the Department.

HUMANITARIAN ASSISTANCE, DISASTER RELIEF, and OTHER OPERATIONS

Humanitarian assistance and disaster relief remains a strong goodwill tool, producing stronger bonds with our neighbors and forging new friendships. DON will continue to offer humanitarian assistance as the vanguard of interagency and



multinational efforts, both in a deliberate, proactive fashion and in response to crises. In March 2011, the Department sent 20 Navy ships, 140 aircraft, and over 19,000 Sailors and Marines to Japan in response to the earthquake and subsequent tsunami. For over five years the Navy's two hospital ships have been used to promote goodwill and stability in many regions.

The Department will continue to build and sustain these relationships using our entire fleet and both Navy and Marine Corps personnel.

Implementation of this cooperative maritime and new defense strategy requires that the Navy and Marine Corps demonstrate flexibility, adaptability, and unity of effort in evolving to meet the enduring and emerging challenges and opportunities ahead. We must be prepared to respond to global crises in ways ranging from peacetime presence to full-scale war. While our country's fiscal realities prevent us from simply growing larger to meet these challenges, with innovative, creative thinking and investment in our people and resources, we will achieve each of these missions.

DEPARTMENT OF THE NAVY OBJECTIVES

Our objectives are aligned with new strategic guidance for DoD and will provide real benefit to the nation in the fulfillment of our responsibilities to maintain a capable Navy and Marine Corps. As the Department faces fiscal pressures, operations have been reviewed to ensure they meet the major objectives summarized below.

- ***Take Care of Our People.*** Our Sailors and Marines are the lifeblood in everything we do. We must ensure we provide them with care, both in health and wellness. As operations wind down in Afghanistan, we will drawdown our force responsibly, leaving no man or woman feeling left behind or forgotten. Additionally, the Department is reintegrating our wounded warriors with a comprehensive approach designed to optimize their recovery, rehabilitation, and reintegration into our fighting forces and to society.
- ***Maintain Warfighter Readiness.*** In an era of reduced budgets, the Department must



remain a naval force fully prepared for a variety of operations. The Department will effectively size our Navy and Marine Corps to meet strategic demands. DON will continue to organize, train, and equip forces that are combat-ready while improving resiliency in the force. Cyberspace operations will maximize effectiveness to guarantee our military has the resources they need. Safety will continue to be a focus as the Department strives to reduce accidents and mishaps.

- ***Lead the Nation in Sustainable Energy.*** The Navy and Marine Corps are pioneering DoD's efforts to reduce energy consumption. Our investments in alternative fuels/biofuels have led to success in both aircraft and ships supporting our path to a green fleet. Our hybrid-drive system has already produced fuel savings on the *USS Makin Island* (LHD 8). Energy saving efforts have also drastically cut energy usage on bases, with new solar and geothermal technologies providing electricity. As the use of alternative energy increases across the Department, DON will be protecting the environment with clean energy and lessening our dependence on foreign oil.



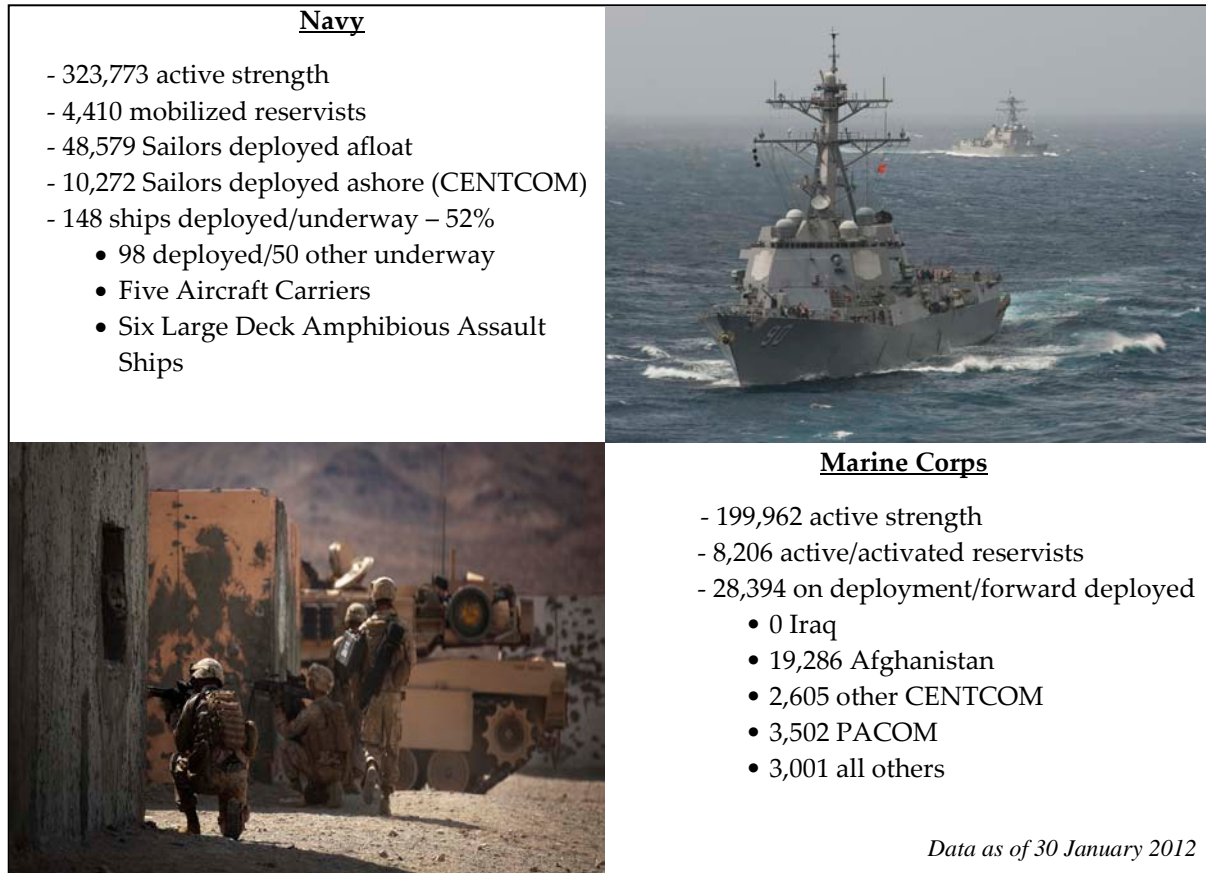
- ***Promote Acquisition Excellence and Integrity.*** The new fiscal reality requires that every dollar is efficiently used. The Department is working to rebuild our acquisition workforce. DON is further improving the execution of every program and increasing anti-fraud efforts, and leveraging strategic sourcing to take advantage of economies of scale. These efforts must take into account the industrial base, ensuring our shipbuilders and equipment providers can sustain viability, while promoting competition.
- ***Dominate in Unmanned Systems.*** In a world where our forces have to be "everywhere at all times," the Department must find a way to ensure a presence and capability despite budgetary pressures. Our global presence will be sustained and enhanced with our continued investment in unmanned systems. DON will integrate unmanned systems across the entire Department ensuring that we can reach any environment. In the air we continue to invest in carrier-based and armed aerial vehicles. The Department will deploy and establish unmanned systems both at sea and underwater. Additionally, unmanned systems on the ground will be used, such as explosive ordinance disposal with robots and unattended ground sensors.

- ***Drive Innovative Enterprise Transformation.*** The Department's efforts at transforming our business enterprise are of paramount importance, ensuring that all available resources are directed to our Sailors and Marines. The Department's drive to provide stronger financial management and increased auditability will strengthen across the FYDP. Efforts to maximize our information technology (IT) enterprise will continue to take advantage of efficiencies. DON will also strategically manage our human capital to provide our military with knowledgeable and capable civilian manpower.

Each of these objectives will allow us to meet our mission of being a highly effective and efficient force. Fiscal realities have been taken into account and refocused our efforts to prepare for tomorrow's challenges. While the Navy and Marine Corps of the future may be a leaner force, the Department will be no less agile or strong in our capabilities.

Figure 1 below reflects Navy/Marine Corps operations as of 30 January 2012.

Figure 1 - Status of Navy and Marine Corps Forces



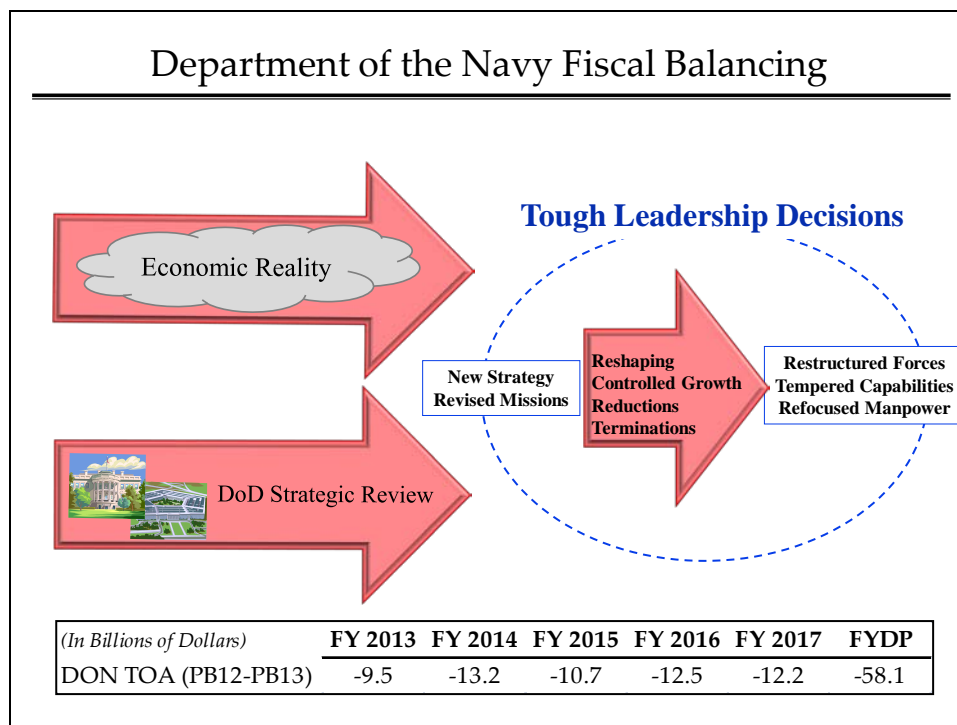
Support of the Department of the Navy FY 2013 budget is critical to achieving its mission and to supporting the 21st century seapower strategy. Our FY 2013 budget positions us to play an integral role in global maritime security and humanitarian efforts, alongside other federal and international agencies. Readiness is properly priced and funded, while manpower adjustments align the Department's ongoing total force manpower to mission objectives. Warfighting capability investments focus on increasing support to combat operations.

FISCAL BALANCING

The Budget Control Act of 2011 established a Government deficit reduction target of \$917 billion. As part of that legislation, Department of Defense funding was reduced by \$487 billion over ten years, of which the Department of Navy was reduced over \$58 billion across the current Future Years Defense Program spanning FY 2013 to FY 2017. To fit within this fiscal reality, as informed by the President's recently revised defense strategy, the DON terminated and scaled-back funding and quantities for numerous programs which were deemed to be manageable risk for the Department.

Figure 2 shows the overall DON process for balancing requirements and available funding within the revised DoD mission construct and current economic environment.

Figure 2 – Department of the Navy Fiscal Balancing



BALANCING EFFORTS

More Disciplined Approach to Reduce Defense Dollars

- Implementation of information technology (IT) initiatives such as consolidating data centers, greater use of enterprise software licensing agreements, and restricting the use of IT devices (i.e. cell phones, air cards).

Force Structure and Investment

- Decommission seven Ticonderoga class cruisers and two dock landing ships (LSDs) across the FYDP, resulting in reduced fleet operating costs and procurement/installation of combat systems.
- Terminate the Medium-Range Maritime Unmanned Aerial System procurement, partially mitigating the risk by the demonstrated in-theater capability of the MQ-8B and follow-on MQ-8C.
- Terminate the Joint Air-to-Ground Missile (JAGM) investment. The DON will mitigate some of the risk by the continued development of the Small Diameter Bomb Increment II and continuing procurement of Hellfire.
- Decrease in aviation quantities for several aircraft such as F-35B/C, C-40A, KC-130J, P-8A, MV-22B, MH-60R, and E-2D
- Decrease in ship construction quantities for the Joint High Speed Vessel (JHSV), delay in the recapitalization of the LSD(X), shifting of one DDG 51 from FY 2014 to FY 2016, the delay in the construction of one SSN from FY 2014 to FY 2018, and the delay in SSBN(X) development. Additionally T-AGOS was reduced by one and TAO(X) was reduced by three.

Controlling the Growth of Compensation and Benefits

- Reduced compensation for military and civilian personnel

Operating Costs and Other Reductions

- Adherence to Executive Order 13589, Promoting Efficient Spending, by reducing travel and printing by at least 20 percent below FY 2010 levels for the FY 2013 President's Budget. To achieve these savings, the Department will use teleconferencing, web-conferencing, local training and internet training in place of travel, and greater utilization of electronic media to reduce financial and environmental waste associated with printing and reproduction.

RESOURCE SUMMARY

Total Obligation Authority (TOA) for the FY 2013 Department of the Navy baseline budget is \$156.5 billion. Figure 3 displays the DON request in current year and constant year dollars to provide perspective on real buying power which is relatively flat. Figure 4 displays the FY 2013 President's Budget by Appropriation Title. Figure 5 displays individual Department of the Navy appropriation estimates.

Figure 3 - Department of the Navy Topline FY 2011 - FY 2017
Current and Constant Dollar Comparison
(Dollars in Billions)

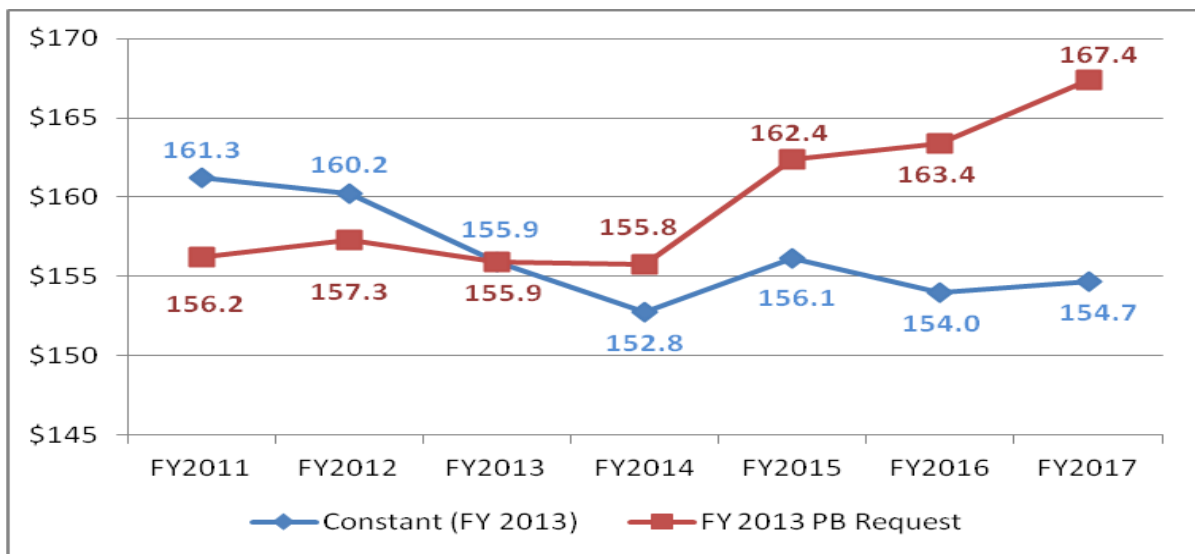


Figure 4 – FY 2013 DON Budget by Appropriation Title (\$155.9 Billion)

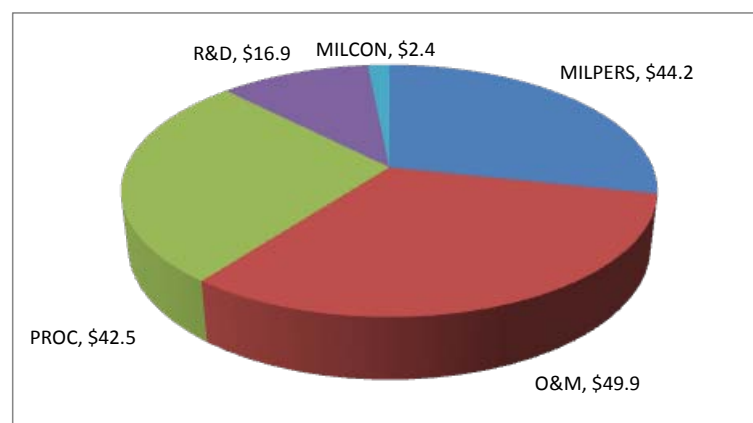


Figure 5

APPROPRIATION SUMMARY FY 2011- FY 2013

<i>(In Millions of Dollars)</i>	FY 2011	FY 2012	FY 2013
Military Personnel, Navy	26,177	26,803	27,091
Military Personnel, Marine Corps	13,327	13,635	12,481
Reserve Personnel, Navy	1,910	1,936	1,899
Reserve Personnel, Marine Corps	634	645	665
Health Accrual, Navy	1,815	1,806	1,184
Health Accrual, Marine Corps	1,142	1,126	673
Health Accrual, Navy Reserve	242	236	142
Health Accrual, Marine Corps Reserve	132	135	81
Operation and Maintenance, Navy	38,030	38,121	41,607
Operation and Maintenance, Marine Corps	5,505	5,543	5,983
Operation and Maintenance, Navy Reserve	1,343	1,305	1,247
Operation and Maintenance, Marine Corps Reserve	274	271	272
Environmental Restoration, Navy	0	309	311
Aircraft Procurement, Navy	16,042	17,676	17,129
Weapons Procurement, Navy	3,216	3,224	3,118
Shipbuilding and Conversion, Navy	15,341	14,919	13,580
Other Procurement, Navy	5,751	6,013	6,169
Procurement, Marine Corps	1,265	1,423	1,623
Procurement of Ammunition, Navy & Marine Corps	763	627	760
Research, Development, Test, & Evaluation, Navy	17,577	17,740	16,883
National Defense Sealift Fund	1,237	1,065	608
Military Construction, Navy & Marine Corps	3,301	2,113	1,702
Military Construction, Naval Reserve	61	26	50
Family Housing Construction, Navy & Marine Corps	197	101	102
Family Housing Operations, Navy & Marine Corps	372	368	378
Base Realignment & Closure	531	155	165
SUBTOTAL	\$156,186	\$157,321	\$155,902
Overseas Contingency Operations	19,067	15,693	14,230
Other Supplemental	1,561	0	0
TOTAL	\$176,814	\$173,014	\$170,132

SECTION II – THE CONTINUING CHALLENGE IN THE MIDDLE EAST SECURITY ENVIRONMENT

OVERVIEW

The Navy and Marine Corps are agile and flexible expeditionary forces engaged in a full range of operations around the world. Today over 27,000 Marines, 47,000 Navy personnel and 135 ships are underway or deployed worldwide creating a safer, more stable, and more prosperous world for the



American people, our allies, and our partners. The Department's global security effort maintains a balance of presence between the Asia-Pacific and Middle East regions. Additionally with some of our more stalwart allies, Europe will remain our principal partner in seeking global and economic security for the foreseeable future. Building partnerships elsewhere is also important to protect freedom of access throughout the global commons. Through partnerships with a growing number of nations, including those in Africa and Latin America, we will strive for a common vision of freedom, stability, and prosperity.

This focused balance of global efforts using innovative, lower cost and smaller footprint approaches with our partners and allies is thanks to the extraordinary service and sacrifice of Sailors and Marines. Through their efforts, we have responsibly ended the war in Iraq, put al-Qa'ida on the path to defeat, and have made significant progress in Afghanistan, allowing us to begin the transition of forces out of Afghanistan. As a nation still at war, we continue to impose local sea control, sustain power ashore and represent a major strategic role in the Persian Gulf, Horn of Africa and Afghanistan by providing critical force protection requirements, training, equipment, and assistance to our coalition partners. Al-Qa'ida and its affiliates remain active in Pakistan, Afghanistan, Yemen, Somalia, and elsewhere. Since violent extremists continue to threaten U.S. interests, allies, and partners, the U.S. will continue to take an active approach to counter these threats. To deal with these challenges, we will be agile, flexible and ready to assume new missions—today and tomorrow. To ensure our continuing success, the Department is adequately resourced to fully achieve the mission goals and objectives of the Commander-in-Chief. To integrate requirements for today's warfighters and provide a sustainable

force in response to Combatant Commander demands, funding for Overseas Contingency Operations (OCO) is part of the FY 2013 budget request.

NAVY AND MARINE CORPS SUPPORT

Our overseas force posture is shaped principally by ongoing and projected operational commitments. Navy and Marine Forces were removed from Iraq upon completion of operational commitments there. FY 2013 continues supporting Navy and Marine Corps operations in Afghanistan. Today the Marine Corps has a robust presence of over 19,000 Marines in the U.S. Central Command (CENTCOM) with 18,000 in Afghanistan. The increased emphasis on Afghanistan over the last two years required that naval forces provide greater support to the Afghanistan theater, both in the conduct of direct operational missions, as well as increased combat support for U. S. and coalition forces on the ground, generating higher operational tempo (OPTEMPO) demand related to the more remote geographic location of the combat region and greater personnel requirements in country. As our extended efforts bring stability to Afghanistan and secure our interests, operations will continue to decrease in FY 2013 with the drawdown and the transition to Afghan responsibility.

Beyond the 19,000 Marines participating in counterinsurgency, security cooperation, and civil-military operations in Afghanistan and throughout CENTCOM, on any given day there are approximately 10,000 Sailors ashore and another 12,000 afloat throughout U.S. Central Command (CENTCOM). These Sailors are conducting, maritime infrastructure protection, explosive ordnance disposal/(Counter-IED), combat construction engineering, cargo handling, combat logistics, maritime security, customs inspections, detainee operations, civil affairs, base operations and other forward presence activities. In collaboration with the U.S. Coast Guard, the



Navy also conducts critical port operations and maritime interception operations. Included in our globally sourced forces are Individual Augmentees (IAs) serving in a variety of joint or coalition billets, either in the training pipeline or on station. As these operations unfold, the size and type of naval forces committed to them will likely evolve, thereby producing changes to the overall posture of naval forces. For the foreseeable future, the demand for naval presence in the theater remains high as we uphold our commitments to allies and

partner states. The maintenance of peace, stability, the free flow of commerce, and U.S. interests in this dynamic region will depend on naval presence and the ability to strike violent extremist groups when necessary. Long after the significant land component of the operation is reduced, naval forces will remain forward.

While forward, acting as the lead element of our defense-in-depth, naval forces will be positioned for increased roles in combating terrorism. They will also be prepared to act in cooperation with an expanding set of international partners to provide humanitarian assistance and disaster response, as well as contribute to global maritime security. Expanded Maritime Interdiction Operations are authorized by the President and directed by the Secretary of Defense to intercept vessels identified to be transporting terrorists and/or terrorist-related materiel that poses an imminent threat to the United States and its allies.

Strike operations are conducted to damage or destroy objectives or selected enemy capabilities. We have done small, precise attacks against terrorist cells and missile attacks against extremist sanctuaries. Among the various strike options, our sea-based platforms are unique and provide preeminent capabilities that will be maintained.

This versatility and lethality can be applied across the spectrum of operations, from destroying terrorist base camps and protecting friendly forces involved in sustained counterinsurgency or stability operations, to defeating enemy anti-access defenses in support of amphibious operations. We have focused this strategic capability intensely in Afghanistan in an effort to counter the increasing threat of a well-armed anti-Coalition militia including Taliban, al-Qa'ida, criminal gangs, narco-terrorists, and any other anti-government elements that threaten the peace and stability of Afghanistan. Our increased efforts to deter or defeat aggression and improve overall security and counter violent extremism and terrorist networks advance the interests of the U.S. and the security of the region. The FY 2013 contingency operations request supports sufficient capabilities to secure Afghanistan and prevent it from again becoming a haven for international terrorism and associated militant extremist movements.



The Navy has over 47,000 active and reserve sailors continually deployed in support of the contingency operations overseas serving as members of carrier strike groups,

expeditionary strike groups, Special Operating Forces, Seabee units, Marine forces, medical units, and as IAs. Our Sailors and Marines are fully engaged on the ground, in the air, and at sea in support of operations in Afghanistan. Navy Commanders



are leading seven of the thirteen U.S.-lead Provincial Reconstruction Teams in Afghanistan. A significant portion of the combat air missions over Afghanistan are flown by naval air forces. Our elite teams of Navy SEALs are heavily engaged in combat operations and Navy Explosive Ordnance Disposal platoons are defusing improvised

explosive devices (IEDs) and landmines. Our SEABEE construction battalions are rebuilding schools and restoring critical infrastructure. Navy sealift will return heavy war equipment from CENTCOM as the drawdown progresses, while Navy logisticians are ensuring materiel arrives on time. Our Navy doctors, nurses, and corpsmen are providing medical assistance in the field and at forward operating bases. Navy IAs are providing combat support and combat service support for Army and Marine Corps personnel in Afghanistan. As IAs they are fulfilling vital roles by serving in traditional Navy roles such as USMC support, maritime and port security, cargo handling, airlift support, Seabee units, and as a member of joint task force/Combatant Commanders staffs. Non-traditional roles include detainee operations, custom inspections teams, civil affairs, and provincial reconstruction teams. On the water, Navy forces are intercepting smugglers and insurgents and protecting our interests since global security and prosperity are increasingly dependent of the free flow of goods. We know the sea lanes must remain open for the transit of oil and our ships and Sailors are making that happen.

OVERSEAS CONTINGENCY OPERATIONS RESOURCING

Overseas contingencies are funded in the base budget, with the exception of Operation Enduring Freedom (OEF). The current OCO request includes incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement. These costs include aviation and ship operations, combat support, base support, USMC operations and field logistics, mobilized reservists and other special pays. Finally, the FY 2012 President's Budget reflected the withdrawal of forces from Iraq and the start of the transition out of Afghanistan. This effort to transition to Afghan responsibility is continued in FY 2013 with the Department of the Navy request for \$14.2 billion, a reduction of \$1.5 billion from

FY 2012. Figure 6 reflects the current status of FY 2011, FY 2012, and FY 2013 funding for OCO.

The Department continues efforts to reduce reliance on OCO appropriations and include operational costs with the baseline budget request for enduring requirements. Since the demand for naval presence remains very high for the foreseeable future to support U.S. objectives outlined in the new defense strategic guidance released by the President, \$0.7 billion annually of ship operations funding was moved from the OCO budget to the base budget. Total underway days remains consistent with FY 2012 with 58 underway days/quarter/ship deployed and 24 days/quarter/ship non-deployed, but the base portion has been increased from 45/20 days/ship deployed/non-deployed to 51/24.

Our defense efforts are aimed at countering violent extremists and destabilizing threats, as well as upholding our commitments to allies and partner states. These armed adversaries such as terrorists, insurgents, and separatist militias are a principal challenge to U.S. interests in East Africa. Due to the enduring nature of these efforts, annually, \$0.2 billion supporting the operation of Camp Lemonnier in Djibouti has been realigned from the OCO budget to the baseline budget. Camp Lemonnier is designated as a Forward Operating Site requiring continued support from the Navy as the Combatant Command Support Activity.



Since the Mine Resistant Ambush Protected (MRAP) Vehicle Fund concludes in FY 2012, the FY 2013 OCO budget includes \$0.6 billion for the operation, maintenance, and modernization of MRAP vehicles.

Since FY 2012 is the last year that Army provides all fuel services for ground forces in Afghanistan, the FY 2013 budget includes \$0.3 billion for fuel.

The OCO request for FY 2013 supports the deployment, operation and sustainment of two regimental combat teams, a division-level headquarters unit, Seabee battalions, aviation and ship operations, combat support, base support, transportation of personnel and equipment into and out of theater, and associated enabling forces to Afghanistan. Funding is also needed for service contracts supporting unmanned aerial systems (UAS) providing intelligence, surveillance, and reconnaissance (ISR) and additional in-theater maintenance.

Figure 6 - Department of the Navy Overseas Contingency Operations Funding Profile

Department of Navy OCO Budget			
(In Millions of Dollars)	FY 2011 Actual	FY 2012 OCO	FY 2013 OCO
Military Personnel, Navy (MPN)	1,248	1,248	875
Health Accrual, Navy (DHAN)	26	-	-
Reserve Personnel, Navy (RPN)	49	44	39
Operation and Maintenance, Navy (O&MN)	8,527	7,518	5,880
Operation and Maintenance, Navy Reserve (O&MNR)	88	74	56
Aircraft Procurement, Navy (APN)	600	481	165
Procurement Ammunition, Navy and Marine Corps (PANMC)	188	135	152
Other Procurement, Navy (OPN)	405	236	99
Weapons Procurement, Navy (WPN)	91	41	24
Research, Development, Test and Evaluation, Navy (RDT&EN)	215	48	53
Military Construction, Navy (MILCON)	-	190	-
USN Subtotal	11,437	10,016	7,342
Military Personnel, Marine Corps (MPMC)	638	659	1,621
Health Accrual, Marine Corps (DHAMC)	-	-	65
Reserve Personnel, Marine Corps (RPMC)	21	23	25
Operation and Maintenance, Marine Corps (O&MMC)	4,463	3,538	4,066
Operation and Maintenance, Marine Corps Reserve (O&MMCR)	29	36	25
Procurement, Marine Corps (PMC)	1,946	1,234	944
Procurement Ammunition, Navy and Marine Corps (PANMC)	492	182	134
Research, Development, Test and Evaluation, Navy (RDT&EN)	41	6	7
USMC Subtotal	7,630	5,678	6,888
DON Grand Total - Supplemental	19,067	15,693	14,230

Ongoing contingency operations have had a significant impact on Navy and Marine Corps equipment. Expeditionary forces, including Seabees, Explosive Ordnance Disposal, and tactical and support aircraft are experiencing much higher than expected wear. The Marine Corps experienced equipment usage rates as much as seven times greater than peacetime rates, tremendously decreasing the projected lifespan of its gear. Reconstituting the force will refurbish or replace equipment which has been used more extensively than originally anticipated, in order to remain responsive to emerging threats and other contingencies.

Past supplemental funding has mitigated most of the Marine Corps and Navy costs, but many items remain in need of repair or replacement. Funds are required to reconstitute Navy/Marine Corps forces to capability levels existing before hostile overseas operations and to provide critical capability enhancements essential to the conduct of theater missions. Included is funding which is necessary to restore units to a desired level of combat capability commensurate with the unit's future mission. These maintenance and supply activities involve depot (sustainment) repairs/overhauls centrally managed to specified standards. Without requested funding, efforts to continue the ongoing fight and simultaneously address the post-war need to maintain future warfighting readiness will not be achieved.

Major elements of the FY 2013 request include:

- Personnel The Department's OCO request includes funding for special pays and entitlements for forward deployed active duty and reserve personnel supporting overseas contingency operations. In addition the OCO request includes funding for 5,962 mobilized Navy reservists and 4,096 mobilized Marine Corps reservists. Requirement for Navy non-core IAs for temporary IA missions such as civil affairs, provincial reconstruction, training teams, detainee operations and customs inspections formerly resourced with active duty personnel will be resourced with mobilized Navy Reservists in the OCO budget. We have not included active component over-strength for non-core IA's in the base or OCO budgets. In FY 2013 the Marine Corps begins its drawdown of 20,000 Marines, reducing their overall strength from 202,100 to an



enduring level of 182,100. During the drawdown strength maintained over and above the enduring level of 182,100 will be funded in the OCO. For FY 2013, 182,100 Marines will be funded in the baseline and 15,200 will be funded in the OCO.

- Operating Support Funds are requested to cover the incremental costs of military operations including pre-deployment training, flying hours, steaming days, transportation, supplies, communications, logistics, and sustainment of combat equipment. The operating tempo requirements include fuel, supplies, repair parts, etc., for naval forces conducting combat and counterinsurgency operations in continuously harsh conditions. The request continues support for the fighting force in Afghanistan and the refurbishment costs associated with equipment returning from theater. Operational realities have maintained the demand signal for Departmental assets in theater for irregular capabilities as well as outside of the more traditional boots-on-the-ground support. ISR, airborne electronic attack, combat support missions flown from carrier decks with long transit times, and expanded counter-piracy missions are all areas that have shown persistent high demand signals from CENTCOM.
- Depot Maintenance Funds are requested for the added incremental air, ship, and combat support equipment maintenance requirements due to the increased operating tempo of the on-going contingency operations. The funding includes support for surface ship life-cycle class maintenance plans, additional airframe and engine depot inductions, and contractor logistics costs for the repair of aeronautical components for aircraft systems and equipment under direct contractor logistics support, performance-based logistic, and power by the hour programs.
- Naval Aircraft Funds are requested to replace one Marine Corps AH-1 attack helicopter lost in Afghanistan in September 2011. Additionally, funds are requested for modifications/upgrades to ensure capability is



preserved and that vital force protection upgrades are installed to meet operational commanders' emerging requirements.

- Marine Corps Ground Equipment Funding is required to continue the procurement of theater specific equipment for mobility, force protection, survivability information, surveillance and reconnaissance. Procurement dollars also provide reset and long-term reconstitution funding for destroyed and worn out equipment.
- Navy Ground Equipment Funds are requested to replace equipment lost in conflict or beyond economic repair and provide for enhanced force protection. Significant items include the replacement of AM-2 aircraft matting used in OEF by the Marine Corps and MRAP vehicle modifications.
- Weapons/Ammunition Funds are requested to replace Hellfire missiles and to procure standoff precision guided munitions to fulfill a Marine Corps KC-130J Urgent Operational Need Statement for OEF.
- Research and Development Due to unique in-theater requirements, funds are requested for several items, with the most significant being \$34 million for National Intelligence Programs and \$8 million for RQ-7B Shadow UAV.





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SECTION III – TAKING CARE OF OUR PEOPLE

OVERVIEW



The Department of Navy is committed to maintaining the finest, highest quality naval force that supports the new strategic guidance for DoD. Our people are the critical component to the Department's Maritime Strategy. Quality of life and quality of service are key factors in attracting and retaining highly-motivated and qualified personnel. The DON will take care of our total volunteer force,

which includes our Sailors, Marines, and civilians by sustaining quality of service/quality of life programs, including training, promotion opportunities, health care, housing, and reasonable operational and personnel tempo. The Department remains committed to providing the right person with the right skills, at the right time and at the best value while ensuring the welfare of our Sailors, Marines and their families. We will maintain trust with those who serve and also focus efforts on wounded warriors, mental health, and the well-being of our service members and our families.

The total naval workforce is being shaped and optimized to support the recently released defense strategic guidance. By maintaining U.S. maritime dominance, our service members promote security, stability, and trust around the world. Our Sailors and Marines, in cooperation with our foreign partners and allies, continue to provide training and deliver humanitarian aid, disaster relief and other assistance throughout the globe. In times of crisis, Navy and Marine Corps units are often already on the scene or the first U.S. assets to arrive in force. They accomplish this all as a seaborne force with a minimum footprint ashore.

The DON military personnel budget for FY 2013 includes a basic pay raise of 1.7 percent, and continues to focus on the efficient use of active and reserve Navy and Marine Corps manpower in support of the new strategic guidance for DoD and the fiscal constraints included in the Budget Control Act of 2011.

To ensure the Navy is positioned to meet existing and future mission requirements the Navy must balance the force by retaining Sailors in the right mix of ratings and paygrades. The competition to stay Navy has been intense in the current economic conditions and fiscal environment. This coupled with Navy force structure changes has resulted in overmanning in some ratings and has caused undermanning in other ratings. Ratings with skills that are not in demand, by the private sector or government agencies under the current economic conditions, tend to be overmanned



while those ratings with skills in demand even under these poor economic times are undermanned. Sailors in the Navy Nuclear Operator, Special Operations, Information Systems and Cryptology ratings continue to be in demand outside of the military while Sailors with construction ratings such as Builders, Steelworkers, Construction Electricians and Mechanics

are not in demand in the private sector and therefore are overmanned due to unusually high retention. In addition, as the Navy has reallocated its manpower resources from shore commands to sea commands to improve readiness on our ships, submarines and air squadrons, ratings such as Operations Specialists, Nuclear Operators, Sonar Operators, Hospital Corpsman, and submarine qualified Electronics Technician and Fire Control Technician are in high demand whereas more shore intensive ratings such as Personnel Specialists, Religious Program Specialists, Yeoman and Parachute Riggers are less in demand. To manage this imbalance the Navy has traditionally used the Perform to Serve (PTS) program that provides the opportunity for sailors in overmanned ratings who are within the re-enlistment window to convert to undermanned ratings. However over the last several years, due to the aforementioned reasons this manning gap has become substantially larger than normal and could not be rectified using PTS alone. To narrow this gap more swiftly the Navy implemented the Enlisted Retention Board (ERB) at the end of FY 2011. The ERB looked at all eligible Sailors in the most overmanned ratings. During the ERB approximately 16,000 personnel were reviewed for retention with 13,000 identified for retention and 3,000 personnel in overmanned ratings identified for separation. As a result of PTS and the ERB, over 1,200 Sailors were retained to convert to undermanned ratings. In addition to providing improved fleet manning, Sailors who previously had a difficult time advancing to E-5 and E-6 will see increased advancement opportunity.

The Navy understands that sailors and their families separating due to the ERB are facing a difficult and unexpected situation, and the Navy is committed to doing everything possible to ease their transition to civilian life. Rather than being separated immediately sailors will have until 1 September 2012 to separate. In addition to the

basic benefits for involuntary separation such as separation pay, enhanced benefits will be offered to all ERB Sailors to include among others, mandatory enrollment in a Transition Assistance Program workshop, enrollment in a Transition Assistance Management program that provides individual counseling, assistance in attaining civilian licenses and certifications aligned with their job or rating, contracted professional outplacement services, financial counseling, access to medical treatment, along with commissary, exchange privileges for two years. In addition these Sailors are eligible for affiliation with the Navy Reserve.



The FY 2013 Marine Corps manpower budget reflects the end of combat in Iraq, the drawdown in Afghanistan and the transformation to the joint force of 2020 as outlined in the defense strategic guidance. Starting in FY 2013 the Marine Corps will begin drawing down from the current force level of 202,100 end strength to a post OEF strength level of 182,100 marines. While this

reduced level of end strength takes some additional unit risk in capacity, with manning levels for the operating force going from 99 percent to 95 percent for officers and 97 percent for enlisted, it provides for affordability while maintaining a ready, capable and more senior force in support of the new strategic guidance for DoD. At this enduring strength level the Marine Corps has retained the necessary level of non commissioned officer and field grade officer experience and warfighting enablers to reverse to a larger force if required.

America's naval forces are and will remain combat-ready because of the dedication and motivation of our Sailors, Marines, and civilian workforce. The development and retention of quality personnel are vital to meeting the defense strategy goal to be a smaller, leaner, but agile, flexible, ready and technologically advanced force All-Volunteer Force.

The Department's FY 2013 budget will preserve the quality of our All-Volunteer Force by increasing our support for service members and their families by providing significant funding increases for programs such as Sexual Assault Prevention and Response (SAPR), Alcohol Abuse Prevention, Exceptional Family Member Programs, Operational Stress Control and Suicide prevention.



MILITARY PERSONNEL

Active Navy Personnel



We remain invested in recruiting, training and retaining Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21st century. Our vision is a naval manpower, personnel, training and education system that targets and attracts the right talent, then trains, develops, equips, and motivates these men and

women throughout their naval careers. Navy's goal is to maintain an end strength and force structure in which seniority, experience and skills are matched to requirements. In addition we will continue to align the personal and professional goals of our workforce: with the needs of the Navy and the joint force while ensuring the welfare of our Sailors and their families; to deliver a high performing, competency-based and mission-focused force to meet the full spectrum of Navy and joint operations; and to provide the right person with the right skills, at the right time as the best value to the joint force.

Navy continues to provide support to Sailors and their families through a "continuum of care" that covers all aspects of individual medical, physical, psychological and family readiness. The Navy's Safe Harbor program provides non-medical care management for seriously wounded, ill and injured Sailors and Coast Guardsmen, as well as a support network for their families. In addition, through the Navy's Fleet and Family Support Program, we provide a full array of programs and resources to support Sailors and Navy families. These programs include: deployment readiness; personal and family wellness education and counseling; emergency preparedness and response; crisis intervention and response; military and personal career development, financial education and counseling and spouse employment. The Department's FY 2013 budget enhances our support for service members and their families by providing significant funding increases for programs such as Sexual Assault Prevention and Response (SAPR), Alcohol Abuse Prevention, Exceptional Family Member Programs, Operational Stress Control and Suicide prevention.

Our service members bring dedication, patriotism, strength, talent, unity of effort, and cultural diversity to our Navy. People are the catalysts for our success. Figure 7

displays active Navy end strength for FY 2011 through FY 2013. The FY 2011 column represents the actual execution of the Navy ending the year under strength from the authorized amount of 328,700. The reduction in estimated strength for FY 2012 is attributed to the loss of approximately 3,000 Sailors due to the results of the Enlisted Retirement Board held in late FY 2011. FY 2013 reflects continued force shaping to achieve the correct mix of officer and enlisted personnel supporting the Navy's force structure and defense strategic guidance.

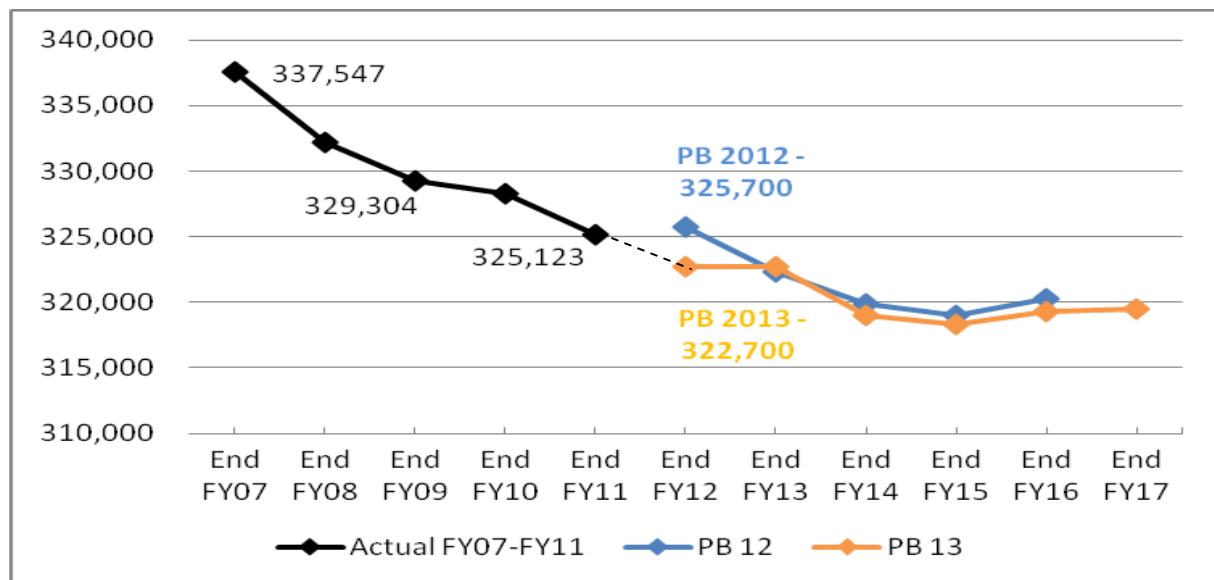
Figure 7 - Active Navy Personnel Strength

	FY 2011	FY 2012	FY 2013
Officers	52,852	53,479	51,298
Enlisted	267,746	264,864	266,912
Midshipmen	4,525	4,400	4,490
Total: Strength	325,123	322,700	322,700

* FY 2011 includes 4,400 non-core IAs requested for temporary IA OCO missions

** FY 2012 includes 3,836 non-core IAs requested for temporary IA OCO missions

Figure 8 – Active Navy End Strength Trend



To ensure we attract the best and brightest for our team, the Navy will align its human capital efforts to be: responsive to the Joint Warfighter; competitive for the best talent in the nation; diverse; a learning organization; and a leader in human resource solutions.

Recruiting Command continues to meet the manpower needs of the Navy in both quantity and quality as can be seen in Figure 9. The number of accessions is based on the total force requirement and can be adjusted during execution to meet changing force structure or fiscal requirements. Recruit quality in FY 2011 was 99 percent high school graduates, 88 percent test score category I-III A, and 12 percent with some college experience.

Figure 9 – Active Navy Accessions

	FY 2011	FY 2012	FY 2013
Enlisted Accessions	33,507	32,669	34,000
Percent High School Graduates	99%	95%	95%
Percent above average Armed Forces Qual Test	88%	75%	75%

The figures below provide summary data on active Navy personnel accessions and attrition.

Figure 10 – Navy Enlisted Reenlistment Rates

	FY 2011	FY 2012	FY 2013
Zone A (<6 years)	66%	61%	77%
Zone B (6 to 10 years)	67%	61%	79%
Zone C (10 to 14 years)	73%	64%	81%

Note: Strength Plans categorize reenlistments as First Term (Zone A) and Career. Zones B and C rates derived using extrapolated Center for Career Development historical data.

Figure 11 - Navy Enlisted Attrition

	FY 2011	FY 2012	FY 2013
Zone A (<6 years)	7.8%	7.7%	7.0%
Zone B (6 to 10 years)	3.0%	3.2%	3.0%
Zone C (10 to 14 years)	2.8%	2.9%	2.7%

Education and Training

Today's Navy is the most modern and technically superior Navy in the world. Our ability to outperform our adversaries on the sea, in the air, below the sea and on land requires a highly educated and trained, highly skilled and disciplined force.

Sailors do not have to put college on hold while pursuing a career Navy. The Navy has many programs to support sailors in their pursuit of an undergraduate or graduate degree offering financial support in the form of tuition assistance or scholarships, and college classes on-line, aboard ships or at local Navy bases. Navy Officers can attain master's degrees or Ph.D's through the Naval Postgraduate School or in some cases at civilian universities.

The Navy offers a continuum of training throughout one's Navy career starting at boot camp or via one of the Navy's officer commissioning programs. The Navy A-Schools provide hands on training to give new Sailors the basic job skills required for their field much like apprentice training programs offered in vocational schools in the private sector. Navy C-Schools provide Sailors with advanced operator and technical skills. For instance, qualified Sailors will attend Sonar A-School to become a Submarine Sonar Operator. Attendance at a C-School would provide that Sonar Technician with advanced training for a specific Sonar system.

The Navy maintains a robust number of training simulators close to the Fleet in order to provide training more efficiently and cost effectively to a large number of personnel. Simulator training is used to provide something as simple as basic firearms training to the more complex flight simulators and ship and submarine simulators. Sailors and Officers will use simulators throughout their career to re-establish or maintain their required qualifications or to become proficient on new systems such as the Navy's new Littoral Combat Ship and Joint Strike Fighter. However, no simulator can fully replicate actual operations at sea or in the air.



Some groups within the Navy require more intensive training. The Navy's special operations forces continually train to ensure their unique and exceptional capabilities from the sea, air and land remain razor sharp and ready to succeed at any mission assigned. The Navy's nuclear power program is recognized as the finest and most technologically advanced program in the world. Men and women entering the Navy's nuclear power program embark on a rigorous training regime that includes

classroom training that starts with basic math and science and quickly progresses into advanced nuclear principals and theory. This is followed by prototype training where the training continues but on an actual nuclear propulsion plant. Nuclear power training is continuous throughout a career in order to remain qualified, gain advanced system specific training and to be ready to operate and maintain new systems as they are installed on ships and submarines. The Navy's success is dependent on having fully trained and qualified Sailors manning the ships, submarines and aircraft.

Reserve Navy Personnel



The FY 2013 Reserve Personnel Navy budget request supports Reserve readiness, operational capability, and alignment within the Total Force. The Navy Reserve budget request ensures that the individual Navy Reservist has what he/she needs to accomplish their mission as a full partner within that Total Force. The Navy Reserve mission continues to provide

strategic depth and delivers operational capabilities to the Navy and Marine Corps team, and Joint forces, from peace to war. Vital to this effort are our Reserve Component Sailors who are ready and able to surge forward across a wide spectrum of operations. To achieve this end, the Navy continues to invest in Navy Reserve recruiting, retention, and training to attract, recruit, develop, assign and retain a highly skilled workforce. The Navy focuses on ensuring the right Sailor with the right skill set is in the right place at the right time for the best value. The FY 2013 budget request supports Navy Reserve strength levels of 62,500, providing pay and allowances for drilling Navy Selected Reservists and Full Time Support personnel. The reduction of 1,436 end strength from the FY12 level of 63,936 is primarily due to force structure changes to Naval Expeditionary Forces, Aviation Forces, and shore commands. The decrease in strength supports a responsible reduction in defense spending and results in a smaller, more focused reserve force prepared to support the Total Force to protect our interests, defend our homeland and support civil authorities.

Figure 12 - Reserve Navy Personnel Strength

	FY 2011	FY 2012	FY 2013
Drilling Reserve	54,288	53,639	52,386
Full Time Support	10,504	10,297	10,114
Total: Strength	64,792	63,936	62,500

Active Marine Corps Personnel

The FY 2013 submission builds on our historic role as the Nation's crisis response force and provides "best value" in terms of capability, cost, and readiness relative to the operational requirements of our Geographic Combatant Commanders. The Marine Corps' force structure will provide a strategically mobile, *middleweight* force optimized for rapid crisis response and



forward-presence. It will be light enough to leverage the flexibility and capacity of amphibious shipping, yet heavy enough to accomplish the mission. Larger than special operations forces, but lighter and more expeditionary than conventional Army units, today's Marine Corps is able to engage and respond quickly with enough force to carry the day upon arrival. To best meet combatant commander needs, and to ensure we are optimally configured to remain America's Expeditionary Force in Readiness, we conducted a comprehensive and detailed force structure review aimed at identifying a balanced force that is postured for the future. Using the lessons learned from 10 years of constant combat operations, the review arrived at an end strength of 186,800 Marines in a post-Afghanistan security environment. The Marine Corps affirms the results of that initial strategy-driven effort, but has begun to readjust its parameters based on the fiscal realities of spending cuts outlined in the Budget Control Act of 2011 and is moving to a final end strength of 182,100. While taking additional risk in capacity, this force provides affordability while maintaining a ready and capable force.

The drawdown of the Marine Corps Active Component (AC) end strength to 182,100 will begin in FY 2013 and be completed by the end of FY 2016; the figure below provides summary personnel strength for active Marine Corps personnel. Our goal is to improve the Marine Corps' ability to function as a lead element of a Joint Force, to execute distributed operations, to provide command and control, and to conduct persistent engagement missions throughout the world. To meet these challenges, the Marine Corps must satisfy requirements across the entire spectrum of warfare, including continued focused efforts on recruiting and maintaining high quality Marine Corps personnel.

Figure 13 - Active Marine Corps Personnel Strength

	FY 2011	FY 2012	FY 2013
Officers	21,822	21,630	21,157
Enlisted	179,335	180,470	176,143
Total: Strength	201,157	202,100	197,300
Enlisted Accessions	29,663	35,500	29,000
Percent High School Graduates	99.9%	95%	95%
Percent above average Armed Forces Qual Test	74.4%	63%	63%
Reenlistments	12,280	15,270	15,300

The Marine Corps is actively working to recruit, promote, and retain the right number of Marines to maintain a highly mobile, expeditionary force in a high state of readiness. Despite the drawdown, the Marine Corps will retain sufficient leadership and warfighting enablers to reverse to a larger force if required. Simultaneously, accessions support shaping the grade structure of the force as anticipated departures at the end of active service increase. This budget also supports requirements for initial skill training and follow-on training courses, and supports continued success in meeting recruit accession goals. The figure below provides summary personnel retention data for active Marine Corps personnel.

Figure 14 – Active Marine Corps Reenlistments

	FY 2011	FY 2012	FY 2013
First Term Alignment Plan (<6 years)	6,870	7,000	5,900
Subsequent Term Alignment Plan (Career)	5,410	8,270	9,400

In addition, the budget provides the necessary resources to shape the rank and Military Occupational Specialty (MOS) structure to achieve full operational capability using streamlined and targeted enlistment and reenlistment bonuses. The primary objectives of the retention and recruitment bonus programs are to maintain an adequate level of experienced and qualified enlisted personnel to meet mission requirement. These funds provide a monetary incentive to encourage highly qualified individuals to enlist or reenlist in a particular military skill. The FY 2013 program represents a continued reduction in reenlistment and enlistment bonuses due to favorable recruiting and retention conditions and the commensurate ability to retain experienced personnel in the necessary MOSs. As a result, Marine reenlistment and enlistment bonus funding decreases 23 percent and 64 percent,

respectively, from the FY 2011 funding levels. The figure below show the number of members and the funding proposed.

Figure 15 Enlistment/Reenlistment Bonus Program

	<u>FY 2011</u>		<u>FY 2012</u>		<u>FY 2013</u>	
	# of Members	Amt (\$M)	# of Members	Amt (\$M)	# of Members	Amt (\$M)
Reenlistment Bonus	6,037	110	5,241	109	5,050	86
Enlistment Bonus	5,002	33	2,587	15	2,175	12

Reserve Marine Corps Personnel



The FY 2013 budget request supports Marine Corps Reserve strength of 39,600. Marine Reserve Units, Individual Mobilization Augmentees, and the Active Reserve continue to provide critical Force Application capabilities in support of national defense requirements and have deployed worldwide to countries in Southwest Asia as well as Northern Africa. At home, the Marine Reserve

force provides corporate management and support to reserve Marines and logistics support for assets pre-positioned throughout the country, ready to assist with not only national defense missions but also civil-military missions such as disaster relief. The budget provides pay and allowances for drilling reservists attached to specific units, Individual Mobilization Augmentees, personnel in the training pipeline, and full-time active reserve personnel.

The Selected Marine Corps Reserve (SMCR), with its force application structure complementing the active operating force in its “augment and reinforce” mission, continues to serve the nation well. In addition to standard SMCR battalion and aviation squadron combat unit deployments, the Marine Reserve contributes to the forward presence of current operations in various other ways. These include providing Reserve Marines to serve as augmentees where needed in AC units and providing logistics, force support, foreign nation election support, infrastructure revitalization, and civil affairs units that are vital in security and stability operations.

An important source of seasoned leadership for the Marine Reserve force consists of Marines who transition from the Active to the Reserve Component (RC). Despite the current high operational tempo, the Marine Reserve force continues to recruit and retain top-notch Marines. In part, this is accomplished through the funding of bonus

and incentive programs at levels required to meet recruiting and retention goals. For example, SMCR unit affiliation bonuses provide an incentive for Marines leaving active duty to continue their service as leaders in the Marine Reserve in locations and assigned to units where their skills and experience are most needed. The success of these initiatives is evidenced by an increasing SMCR participation rate and reaching end strength goals. The Marine Reserve force realizes it is important to keep this valuable pipeline open and will continue to work to transition former AC personnel into the RC.

The Marine Corps Reserve is a full partner of the Marine Corps total force concept. Marine reservists continue to prove their dedication to our nation and its citizens. Their continuing honor, courage, and commitment to warfighting excellence provides the nation an experienced, tested force with close ties to their community that truly set them apart as “citizen soldiers.”

The figure below shows personnel strength for reserve Marine Corps personnel.

Figure 16 - Reserve Marine Corps Personnel Strength

	FY 2011	FY 2012	FY 2013
Drilling Reserve	37,580	37,339	37,339
Full Time Support	2,192	2,261	2,261
Total: Strength	39,772	39,600	39,600

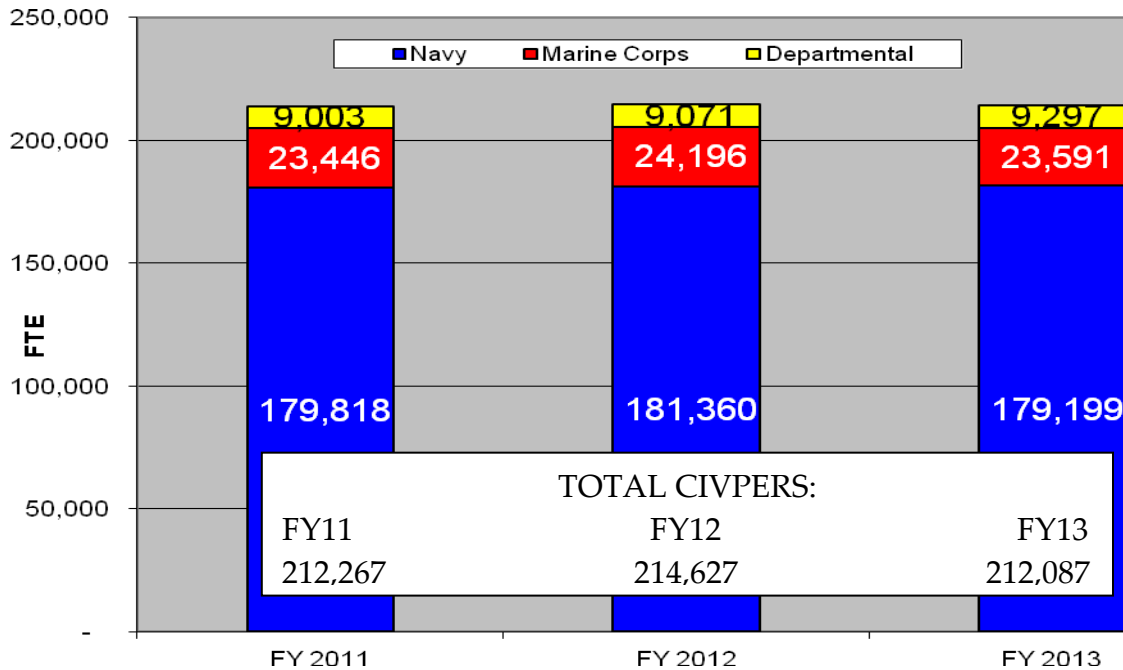
CIVILIAN PERSONNEL

DON civilians support the mission and daily functions of the Navy and Marine Corps and are an integral part of the total workforce. The Department’s civilian personnel constitute the cadre of corporate knowledge necessary to sustain and support operations. From wage grade workers to renowned scientists, a versatile and agile workforce is required to meet this challenge. Today’s civilian personnel are employed in a variety of fields including installation management, research and development, engineering and acquisition, medical, Fleet activities, logistics, depot maintenance, and administrative support. The majority of these functions are financed by the Operation and Maintenance appropriations and the Navy Working Capital Fund. The FY 2013 civilian personnel budget reflects efforts to restrain growth in direct funded



personnel. In some areas, civilian billet growth was necessary, for example, to address increased shipyard work leading, and insourcing of security personnel. The Department of the Navy includes the following civilian personnel Full-Time Equivalent (FTE) estimates:

Figure 17 - Civilian Personnel FTEs



The civilian workforce mix is a result of a complex set of vectors representing both federal employees and private sector contractors to provide goods and services. To operate at optimal levels, management practices must recognize the proper role of each sector's labor force and draw on their respective skills. In-sourcing, strategic sourcing, military to civilian conversions, and other workforce planning tools have been employed to deliver the most efficient and effective labor force. Further, requirements are reviewed and revised each year to ensure the current workforce meets the operational needs of the Department. An increase of approximately 2,400 civilians in FY 2012 reflects increased workload requirements at the working capital fund activities and the shipyards, as well as increased installation management requirements including the insourcing of security guards. The subsequent decrease of approximately 2,600 in FY 2013 is based, in large part, on OSD's plan to transfer approximately 1,200 personnel from the Navy's portion of the Defense Health Program (DHP) to the TRICARE Management Activity and 364 personnel to the Joint Staff for the Joint Warfare Analysis Center. Other adjustments reflect various changes in several functional areas, to include decreased workload requirements at working

capital fund activities (includes Marine Corps Depots), and drawdown in base support and installation management resulting from affordability.

Acquisition Workforce

The Department recognizes the need for a renewed investment in the acquisition workforce. Responding to the need for greater organic oversight of major acquisition programs, particularly in the development and production phases, the requirement for trained and certified acquisition personnel in several specialties has increased. This corresponds with an expansion of the Department of the Navy Acquisition Intern program and the active recruitment and retention of qualified personnel at the middle and senior career levels. Resources from the Department of Defense Acquisition Workforce Development Fund (DAWDF) support the expansion of recruitment at all levels including interns, journeyman, and highly qualified experts. In FY 2012, DAWDF personnel began the transition to permanent positions in their assigned commands at the end of the respective one to three-year training period. This transition continues in FY 2013. DAWDF funds are also being used for the retention and credentialing of personnel through educational and developmental activities. The number of Defense Acquisition Workforce Improvement Act certified personnel at Levels II and III will increase each year commensurate with overall programmatic requirements. Although direct-funded personnel in most other areas remain steady, the Department is committed to preventing capability gaps in the acquisition workforce, with a view of ensuring the Navy and Marine Corps maintain a healthy technical authority within the Department.



Civilian Personnel Levels

Figure 18 displays total civilian personnel FTEs by component, appropriation, and special interest area.

Figure 18 DON Civilian Manpower Full-Time Equivalent

	FY 2011	FY 2012	FY 2013
Total — Department of the Navy	212,267	214,627	212,087
<u>By Component</u>			
Departmental	9,003	9,071	9,297
Navy	179,818	181,360	179,199
Marine Corps	23,446	24,196	23,591
<u>By Type Of Hire</u>			
Direct	200,652	203,188	200,641
Indirect Hire, Foreign National	11,615	11,439	11,446
<u>By Appropriation/Fund</u>			
Operation and Maintenance, Navy	108,886	110,195	108,414
Operation and Maintenance, Navy Reserve	957	902	897
Operation and Maintenance, Marine Corps	20,707	21,447	21,274
Operation and Maintenance, Marine Corps Reserve	252	316	317
Total - Operation and Maintenance	130,802	132,860	130,902
Research, Development, Test & Evaluation, Navy	1,168	1,325	1,328
Family Housing (N/MC)	699	725	726
Total - Other	1,867	2,050	2,054
Total - Working Capital Funds	79,598	79,717	79,131
<u>Select Special Interest Areas</u>			
Installation Mgmt/Base Support	40,488	42,372	41,653
Warfare Centers	32,945	33,199	32,946
Shipyards	26,562	27,699	27,712
Engineering/Acquisition Commands	20,368	19,887	19,817
Medical (DHP)	13,295	13,824	12,614
Fleet Activities	17,577	16,733	16,671
Aviation/MC Depots	11,324	11,197	10,708
Departmental (includes PEO acquisition)	9,003	9,071	9,297
Military Support	12,156	10,932	10,932
Supply/Distribution/Logistics Centers	9,515	9,385	9,660
Transportation	8,839	8,460	8,499



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SECTION IV – MAINTAINING WARFIGHTER READINESS IN AN ERA OF REDUCED BUDGETS

OVERVIEW

The Department will maintain strong, agile and capable military forces. Operational readiness is the catalyst that brings naval power to bear whenever it is needed. Our budget supports requirements for our Carrier Strike Groups (CSGs), Expeditionary Strike Groups (ESGs), and Marine Expeditionary Forces (MEFs) to execute the National Military Strategy and respond to persistent as well as emerging threats.



The security environment today has created new demands for naval forces. This demand includes support for security, stabilization, transition and reconstruction operations, support for homeland security, and continued preparedness for contingency operations. The evolving dynamics of the 21st-century security environment require our forces to be ready to deploy globally. We continue funding the necessary requirements to ensure our ability to protect vital U.S. interests, assure and assist our friends in crisis situations, and prevent, deter, or resolve conflict. This budget provides for the necessary costs to generate trained and ready forces and supports our forward deployed engagement and presence requirements. It includes support for baseline deployed and non-deployed steaming days, the associated flight hours, and related ship and aircraft maintenance.

As a part of a Department of Defense-wide initiative, the Navy completed a review that included a thorough assessment of its FY 2013 readiness programs. The objective of this effort was capturing costs of certain infrastructure and support functions in the budget, and reinvesting these resources into critical warfighting elements within the Navy and Marine Corps.

Funds will be made available for training and maintenance to support a smaller, ready military. The Navy's FY 2013 allocation of operations and maintenance (O&M) resources is tightly focused on meeting increased Combatant Commander operational tempo (OPTEMPO) requirements, properly sustaining and maintaining ships and aircraft to reach expected service lives, sustaining the enduring T-2.5/T-2.0

USN/USMC flight hours readiness requirement in the base budget, and funding price increases. Additionally, aircraft depot maintenance funding provides required aircraft and engine availability to the fleet, to include meeting engine readiness goals through increased inductions/repairs and funding component depot-level repairs associated with the ramp up of Joint Strike Fighter (JSF), MV-22 and KC-130J contract logistics support programs. The FY 2013 O&M budget is increased over FY 2012 based on these requirements.

As we begin to reshape our forces to ensure that our military is agile, flexible, and ready for the full range of contingences, we have determined that our current Navy expeditionary force structure can be realigned and ultimately reduced throughout the FYDP. Beginning in FY 2013, one Seabee Battalion is converting from a Reserve to an Active unit and two Reserve units are being eliminated. In addition, the merger of Riverine and Mobile Expeditionary Security Force Squadrons results in an increase of one Active unit and a reduction of three Reserve units.

The Marine Corps is funded to operate across a full spectrum of operations from warfare to military operations other than war by ensuring enough forces are trained, rested and ready. The Marine Corps will continue to provide COCOMs with



flexible, agile, and scalable Marine Expeditionary Units (MEUs). Additionally, a task organized unit specifically designed to address requirements to build partner nations will be available to the COCOMs. The Security Cooperation Marine Air Ground Task Force will have capabilities, mobility, and sustainability commensurate with its requirements to provide training to less

developed military forces. These units are tailored to specific geographic areas and possess a regional orientation with specialized manpower and training to include foreign area officers, linguists, and other personnel with regional expertise.

Our focus continues to be providing ready naval forces, from individual units to strike groups, which are forward deployed and capable of providing a substantial surge force. The readiness for this capability is enabled by the Fleet Response Plan (FRP) which supports the Defense Strategic Guidance. The FRP provides adaptable, flexible, and sustainable naval forces necessary not only to fight current ongoing contingencies, but also to support the needs of the combatant commanders to maintain a global forward presence as well as providing for any other evolving

national defense requirements. On average, assets are deployed seven months within the 32 month Fleet Response Training Plan (FRTTP) cycle.

The role of the Navy and Marine Corps on the world stage is evident throughout the budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire spectrum of the Department's missions and activities. Our naval capabilities are often demonstrated through participation with allies and other foreign countries, through joint and combined exercises, port visits, and exchange programs.

Our top readiness priority is ensuring that forces are fully trained, ready to deploy, and fully supported while deployed. The budget reflects the best balance of resources to achieve this priority. The Navy will closely manage the readiness accounts to ensure we can fulfill all existing, enduring, and emerging warfighting requirements.

SHIP OPERATIONS

The Ship Operations program provides the Navy with critical mission capabilities. The Department's goal is to deliver the capability to maneuver and engage in combat operations in all environments to achieve these objectives. Sustaining this force application capability requires a robust logistics force able to effectively support operations, extend operational reach, and provide the joint force commander the freedom of action necessary to meet mission objectives. The Department's budget request represents the appropriate and necessary balance between combat and logistics forces to ensure mission accomplishment.



Battle Force Ships

The budget provides for a deployable battle force of 284 ships in FY 2013, as shown in Figure 19. This level of operational funding supports 10 aircraft carriers and 31

large amphibious ships that serve as the foundation upon which our carrier and expeditionary strike groups are based. These ships, when formed into strike groups that include surface combatants, logistics support forces and attack submarines when required, provide the capability to dynamically deploy, maneuver and ultimately engage potential enemies in all environments. The robust and consistent capabilities they bring to the fight enable our Navy to meet our nation's strategic and the geographic COCOM's objectives. Included in our battle force is an inherent capability to sustain the Navy's forces using highly capable logistics support ships and planes that can strategically and operationally maneuver as required to meet all support requirements.

In FY 2013 seven battle force ships will be delivered: one Nuclear Attack Submarine (SSN), one Transport Dock (LPD), one Dry-Cargo Ammunition ship (T-AKE), one Littoral Combat Ship (LCS), two Joint High Speed Vessels (JHSVs), and one Mobile Landing Platform (MLP).

Eleven battle force ships will be retired: one Aircraft Carrier (CVN), six Frigates (FFGs), and four Cruisers (CGs).

Figure 19 – DON Battle Force Ships

	FY 2011	FY 2012	FY 2013
Aircraft Carriers	11	11	10
Fleet Ballistic Missile Sub	14	14	14
Guided Missile (SSGN) Subs	4	4	4
Nuclear Attack Submarines	53	54	55
Surface Combatants	111	110	101
Expeditionary Warfare Ships (Amphibious)	28	30	31
Combat Logistics Ships	31	32	32
Mine Warfare Ships	14	14	14
Support Ships	18	19	23
Battle Force Ships	284	288	284

Active Forces

The Department is committed to providing naval forces with an inherent ability to quickly maneuver and engage our country's adversaries, whether they are conventional blue water based navies or unconventional terror based organizations. Additionally, we must be able to assure our allies of our steadfast abilities as partners while at the same time continuing to actively prosecute terrorism around



the globe. To ensure the full readiness of the CSGs and ESGs, the budget provides the requisite resources to train, equip, operate and support these forces for extended periods while deployed. Strike groups, along with their associated logistics support forces, are the foundation of the Navy's ability to apply force as required to achieve mission objectives. For FY

2013, deployed ship operations are budgeted to maintain ready forces prepared to operate jointly across the full-spectrum of military activities, and to meet forward deployed commitments in support of the Priorities for 21st Century Defense. The FY 2013 budget request supports the FRP, enabling ships to surge and reconstitute by maintaining the continuous flow of ships from maintenance after deployment, through basic phase training back to ready assets. This is achieved through seven month deployments within the 32 month FRTP cycle. This concept enables the Department to provide multiple CSGs within required time frames to meet the threat and deliver decisive military force if necessary. The DON will support these goals and respond to global challenges by planning for 51 underway days per quarter for the active OPTEMPO of our deployed forces and 24 underway days per quarter for non-deployed forces in the baseline (58/24 days with OCO). This is the first budget in several years where the Navy has been able to achieve 51/24 steaming days being funded in the base.

Non-deployed OPTEMPO provides primarily for the training and assessment of Fleet units, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training exercises and assessment opportunities. The training period under FRP supports our ability to meet rotational force requirements and ensures a surge capable force with a robust ability to maneuver as required and to successfully engage any enemy in the pursuit of our national interests.

Figure 20 illustrates historical and budgeted OPTEMPO. The lines are the deployed and non-deployed goals. Fluctuations from the goals reflect real world operations and revised requirements. FY 2013 reflects baseline and overseas contingency operations funded OPTEMPO. Requested funding for contingency operations will support deployed steaming of approximately 7 days per quarter.

Figure 20 – Active Force Ship OPTEMPO



Mobilization

The Navy's mobilization forces, displayed in Figure 21, provide logistics capability that enables rapid response to contingencies world-wide. The prepositioning ship squadrons are forward deployed in key ocean areas to provide the initial military equipment and supplies for a contingency. The prepositioned response is followed



by the surge ships, which are maintained in a reduced operating status from four to thirty days. The number of days indicates the time from ship activation until the ship is available for tasking; e.g., Reduced Operating Status 5 (ROS-5) indicates it will take five days to make the ship ready to sail, fully crewed and operational. Ships in reduced operating

status have a small cadre of crew members aboard to ensure the readiness of propulsion and other primary systems if the need arises to activate the ship. Crew size varies based on ship type and time spent in reduced operating status. Only ROS-5 ships are considered in the surge capacity in Figure 21.

Figure 21 – Strategic Sealift

	FY 2011	FY 2012	FY 2013
<u>Prepositioning Ships:</u>			
Maritime Prepo Ships (O&M,N)	17	18	12
USPACOM Ammo Prepo (O&M,N)	1	0	0
Army Prepo Ships (O&M,A)	6	7	8
Air Force Prepo Ships (O&M,AF)	2	2	2
DLA Prepo OPDS Ship (DWCF)	1	1	0
Navy Prepo OPDS Ship with Tender (O&M,N)	0	0	1
<u>Surge Ships:</u>			
Large Medium-Speed RORO Ships (NDSF)	10	10	9
Container/RORO Ships (former Prepo) (NDSF)	0	0	7
Hospital Ships (NDSF)	2	2	2
Ready Reserve Force Ships (NDSF)	49	48	46
Prepositioning Capacity (millions of square feet)	5.5	5.8	5.1
Surge Capacity (millions of square feet)	8.7	8.7	9.8
Total Sealift Capacity (millions of square feet)	14.2	14.5	14.9

Navy's strategic operating costs of prepositioning ships and exercise costs for surge ships are reimbursed in the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as noted parenthetically in the figure above. The hospital ship missions and biennial exercise costs of the aviation maintenance ships are reimbursed out of the DON operation and maintenance appropriations, which also fund the daily operating costs of the Maritime Prepositioning Ships (MPS).

Prepositioning Ships:

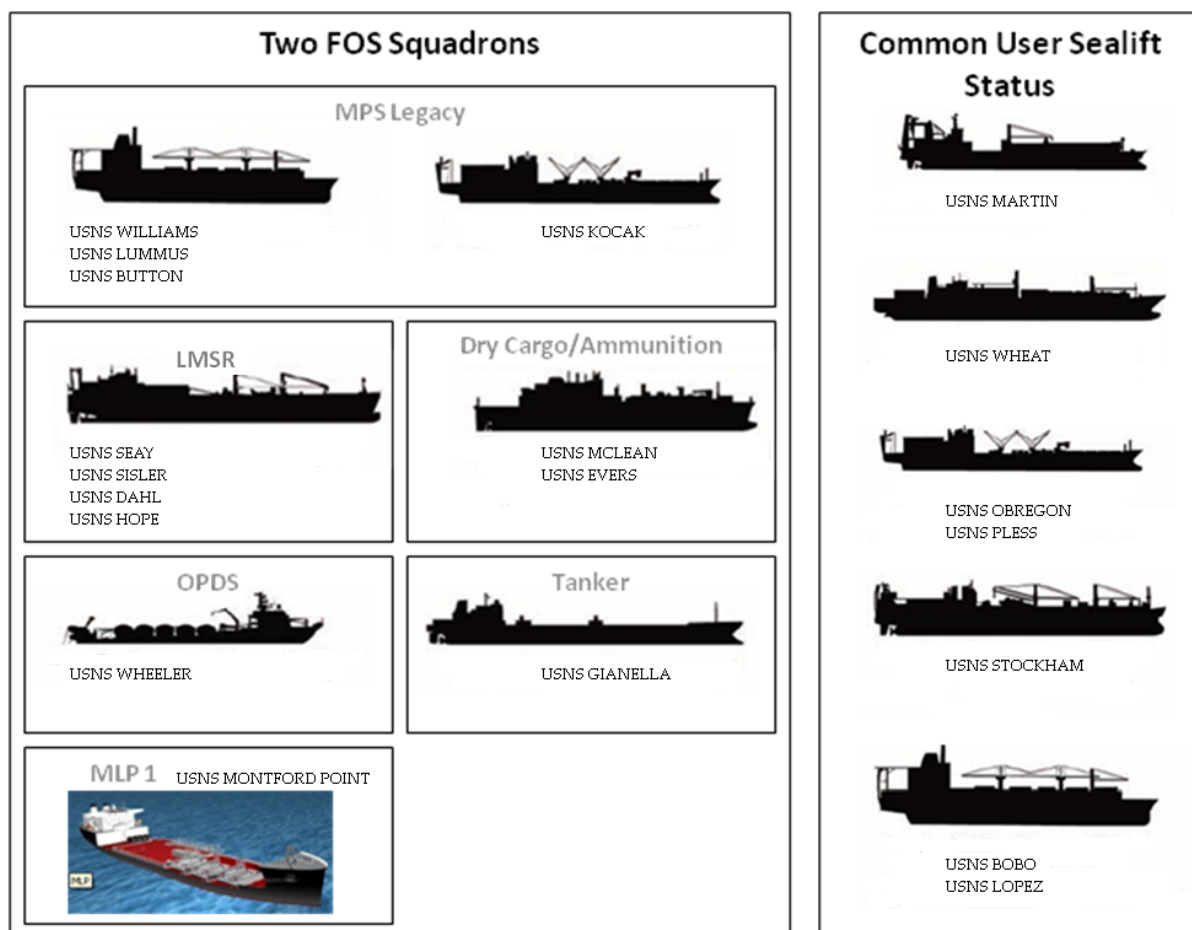
The two squadrons each provide equipment and sustainment for a Marine Expeditionary Brigade for 30 days. The number of Maritime Prepositioning squadrons will change from three in Full Operating Status (FOS) in FY 2012 to two FOS squadrons in FY 2013 with the remaining squadron ships placed in common user sealift status. The two squadrons will be able to deliver more capability and capacity earlier in the fight due to the additional Large, Medium Speed Roll-On/Roll-Off ships (LMSR) instead of the Container, Roll-On/Roll-Off ships previously in the squadrons; retaining approximately the same total square feet of

cargo space while having more compatible deck heights to handle and ship larger equipment.

The Defense Logistics Agency (DLA) Offshore Petroleum Distribution System (OPDS) MV Wheeler is a contracted active prepositioned vessel that is used to meet the offshore petroleum discharge requirement. Navy will purchase OPDS vessel Wheeler in FY 2012 and will start operations of MV Wheeler and the OPDS Tender in FY 2013. A second Maritime Administration ship *SS Petersburg* (T-AOT 9101), maintained in ROS, also supports the OPDS capability.

Sealift ships provide the DoD the lift needed to respond quickly to immediate missions with a sustained force. Figure 22 displays the types of ships in this program.

Figure 22- Maritime Preposition Force



Surge Ships:

The nine Navy Surge LMSRs are maintained in a five-day ROS and provide the initial surge sealift capacity required to transport combat forces equipment from the Continental United States (CONUS) to an area of operations to satisfy warfighting requirements.

Two hospital ships, the *USNS Mercy* (T-AH 19) and the *USNS Comfort* (T-AH 20), are maintained in a five-day ROS and provide the initial surge hospital capability to support warfighting and humanitarian aid and disaster relief (HADR) efforts. Since FY 2006, Navy has deployed one hospital ship per year, alternating coasts, and will continue to do so, recognizing the goodwill continuously generated by these HADR missions.



The Ready Reserve Force funding level meets required readiness and allows the ships to activate in time to deliver cargo to a given area of operations and satisfy COCOMs' critical warfighting requirements.

Ship Maintenance



The Department's organic ship maintenance program is mission funded in O&M. It provides funding for the Navy's public shipyards, regional maintenance centers, and intermediate maintenance facilities. Ship maintenance work is also contracted through private vendors and shipyards. This construct supports the Fleet Response Plan by allowing Fleet

Commanders to control maintenance priorities in order to provide the right match of capabilities to requirements. Specifically, the fleets are supporting our nation's maritime strategy by quickly and efficiently allocating work to ships that are required to provide sea control, forward presence and power projection in order to influence actions and activities both at sea and ashore. The ship maintenance

budget supports an integrated capabilities-based force through the maintenance and modernization of the right portfolio of ships to provide the optimum mix of force application and logistics ensuring our ships are warfighting ready and well-maintained to operate forward.

Ship maintenance funding reflects the Navy's commitment to the 30 year plan for a ship force to provide sustainable global presence. Attaining this goal requires that ships be properly sustained for current operations and to reach expected service lives; the Ship Maintenance and Ship Depot Operations Support budgets reflect this commitment.

Mission funding maintains cost visibility and performance accountability by providing a consistent financial system across all ship maintenance activities, improved efficiency and cost consciousness. The Department's active ship maintenance baseline budget supports 80 percent of the notional O&M maintenance projections in FY 2013. An additional 20 percent of the total requirement is supported in the request driven by overseas contingency operations.



The nation's public and private shipyards make up the Navy's repair base and in total have the capability to execute ship maintenance as well as those deferred maintenance amounts reflected in Figure 23. Annual deferred maintenance is work that was not performed when it should have been due to fiscal constraints. This includes items that were not scheduled or not included in an original work package due to fiscal constraints, but excludes those items that arose since a ship's last maintenance period. As the execution year progresses, the workload can fluctuate, impacted by factors such as growth in scope and new work on maintenance availabilities, changes in private shipyard cost and shipyard capacity. While some amount of prior years' deferred maintenance may be executable in following years (depending on deployment schedules and shipyard capacity), the numbers in Figure 23 reflect only those individual years' deferred maintenance, not a cumulative amount.

Figure 23 - Department of the Navy Ship Maintenance

(Dollars in Millions)	FY2011	FY2012	FY2013
Active Forces			
Ship Maintenance	\$4,726	\$4,533	\$5,090
Depot Operations Support	\$1,326	\$1,296	\$1,315
Baseline Ship Maintenance (O&M,N)	\$6,052	\$5,829	\$6,405
Overseas Contingency Operations	\$2,484	\$1,493	\$1,310
Total Ship Maintenance (O&M,N)	\$8,536	\$7,322	\$7,715
Percentage of Projection Funded	100%	97%	100%
Annual Deferred Maintenance	\$0	\$217	\$0
CVN Refueling Overhauls (SCN)	1,664	530	1,683
% of SCN Estimates Funded	100%	100%	100%

Note: Totals may not add due to rounding.

The Navy Ship Inactivation program manages U.S. Navy ships and craft that have reached the end of their service life. The program also includes environmental abatement of hazardous materials onboard stricken inactive ships, and ship dismantling and recycling. FY 2013 will require a significant increase in funding for Ship Inactivation due to the scheduled inactivation and defueling of the *USS Enterprise* (CVN 65), the world's first nuclear-powered aircraft carrier and the only ship of its class, at Huntington Ingalls Industries (HII) in Newport News. The inactivation of a nuclear-powered vessel requires reactor defueling which is the largest single work item. The *USS Enterprise* (CVN 65) has eight reactors compared to one for a nuclear-powered submarine and two for a nuclear-powered cruiser. This is the first ever availability for this type of ship and there is a significant size increase in scope from any other nuclear inactivation and defueling previously performed. The inactivation will take three years to complete with a cost of approximately \$900M. *USS Enterprise* (CVN 65) will have served for 51 consecutive years at her FY 2013 inactivation.

AIR OPERATIONS

Active Tactical Air Forces



The budget provides for the operation, maintenance, and training of ten active Navy Carrier Air Wings (CVWs) and three Marine Corps Air Wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). TACAIR squadrons conduct strike operations and support the Marine Air Ground Task Force (MAGTF) by providing flexibility in moving to a position of advantage in air and surface environments in order to provide logistics, command and control, battlespace awareness, and force application capabilities to the Fleet and COCOMs. TACAIR integration ensures that Navy and Marine Corps units are effectively incorporated in the CVWs and MAGTFs to achieve maximum force application capabilities at sea, land and air. ASW squadrons locate, destroy, and provide force support and command and control capabilities while conducting maritime surveillance operations. FAS squadrons provide consistent and vital fleet logistics and battlespace awareness capabilities. In FAT, the Fleet Replacement Squadrons (FRS) provide force support capabilities by training pilots to become proficient in their specific type of aircraft while transitioning to fleet operations, and Chief of Naval Air Training (CNATRA) provides basic flight proficiency training for first-time Naval aviators.

Figure 24 – DON Aircraft Force Structure

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Active Forces</u>	21	21	21
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Maritime Strike Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
 <u>Primary Authorized Aircraft (PAA) - Active</u>	 2,984	 3,027	 3,053
Navy	1,977	2,010	2,012
Marine Corps	1,007	1,017	1,041
 <u>Total Aircraft Inventory (TAI)</u>	 3,939	 3,955	 3,899
Active	3,659	3,687	3,649
Reserve	280	268	250

Aircraft OPTEMPO

FRP provides for a tiered T-2.5 readiness level across the notional Inter-Deployment Readiness Cycle (T-1.7 while deployed, T-2.0 pre-deployment, T-2.2 post-deployment, and T-3.3 during the maintenance/training phase). The Marine Corps maintains a level of readiness of T-2.0 throughout pre- and post-deployment periods as well as while forward deployed in support of the MAGTF. By maintaining these readiness levels, the Navy and the Marine Corps stand ready to provide force application capabilities to the COCOMs when required.

The flying hour program is budgeted based upon a thorough and rigorous review of recent cost per hour experience and executable flight hours underpinned by computer modeling.



The base budget Flying Hour Program (FHP) meets FY 2013 training and readiness demands associated with an inventory increase of 26 tactical and training aircraft, and funds the enduring T2.5/T2.0 USN/USMC readiness requirement in the base budget. The FY 2013 base FHP is built upon an extensive and thorough review of the previous execution

experience for both flight hours and cost-per-hour drivers. This process includes removing one-time and OCO-related costs and properly pricing aircraft systems and upgrades across all Navy & Marine Corps platforms. In addition, the number of budgeted flying hours represents the peacetime hours that are executable given current contingency operations. Also in FY 2013, enduring funding for the Flying Hour Support (FO) program migrates into the baseline budget from the OCO.

FRS operations are budgeted at 90 percent in FY 2013 for student training requirements. Student levels are established by TACAIR/ASW force level requirements, aircrew personnel rotation rates, and student output from the undergraduate pilot/naval flight officer training program. In FY 2013, FAS is funded to meet 94 percent of the total notional hours required. Figure 25 displays active flying hour readiness indicators.

Figure 25 – DON Flying Hour Program

	FY 2011	FY 2012	FY 2013	GOAL
Active				
TACAIR- Navy	T-2.2	T-2.5	T-2.5	T-2.5
TACAIR- USMC	T-2.1	T-2.0	T-2.0	T-2.0
Fleet Replacement Squadrons (%)	94%	90%	90%	94%

Aircraft Depot Maintenance

The Aircraft Depot Maintenance program funds repairs, overhauls, and inspections within available capacity, to ensure sufficient quantities of aircraft are available to operational units. The readiness-based model determines airframe and engine maintenance requirements based on the squadron inventory authorization necessary to execute assigned missions. The aircraft depot maintenance program has the



capability to perform routine inspections to determine the level of maintenance required, including restoring and recapitalizing airframes and engines to serviceable condition, and to service airframes and engines at scheduled intervals as a form of preventative maintenance. Airframe workload is calendar-based, while engine requirements are established based upon planned flight hours. The airframe and engine rework program objectives are to induct sufficient levels of scheduled airframes and engines to meet Fleet Response Plan requirements. Any cumulative airframes or engines not completed from previous years are carried over as backlog and are not

Ready-For-Use (RFU) until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog cannot exceed 100 airframes and 340 engines across the Active and Reserve Components. The depot repair of components is also performed for a number of programs including the Executive Helicopter program, Special Project Aircraft, and ALQ-99 pods.

Starting in FY 2012, the Aviation Logistics program funds Contractor Logistics Support (CLS) and Performance Based Logistics (PBL) contracts for the KC-130J Hercules, MV-22 Osprey, and F-35 Joint Strike Fighter. Beginning in FY 2013, the E-6B Mercury CLS contract is being transferred to the Aviation Logistics program. CLS is the performance of maintenance and material management functions by a commercial activity. PBL is the purchase of support as an integrated performance package to optimize system readiness and meet performance goals.

The FY 2013 budget provides optimized capability within fiscal constraints. 94 percent of the Aircraft Depot Maintenance requirement is supported in the budget resulting in a yearly backlog of 74 airframes and 170 engines. Figure 26 displays the funding and readiness indicators for aircraft depot maintenance and aviation logistics.

The AIRSpeed and Continuous Process Improvements (CPI) aviation strategies continue to focus on sustaining our fleet capability through effective maintenance while reducing the cost of doing business. The Air Depot Maintenance program continues to ensure the Navy's force is ready for its assigned missions by maintaining our



aircraft to meet their expected service life.

Figure 26 - Aircraft Depot Maintenance and Aviation Logistics

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Airframes	\$504	\$509	\$515
Engines	\$422	\$463	\$407
Components	\$261	\$53	\$39
Baseline	\$1,187	\$1,025	\$961
Overseas Contingency Operations	\$281	\$174	\$215
Total	\$1,468	\$1,199	\$1,176
Percent Funded of Total Requirement	100%	95%	94%
Airframes Yearly Backlog	0	22	74
Engines Yearly Backlog	0	148	170

Aviation Logistics

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
KC-130J Hercules	\$0	\$49	\$44
MV-22 Osprey	\$0	\$104	\$118
E-6B Mercury	\$0	\$0	\$47
F-35 Joint Strike Fighter	\$0	\$74	\$120
Baseline	\$0	\$227	\$329
Overseas Contingency Operations	\$0	\$51	\$44
Total	\$0	\$278	\$373

Navy Expeditionary Forces



Navy Expeditionary Combat Command (NECC) is a global force provider of expeditionary combat service support and force protection capabilities to joint warfighting commanders, centrally managing the current and future readiness, resources, manning, training, and equipping of a scalable, self-sustaining and integrated expeditionary force of active and reserve sailors. Expeditionary sailors are deployed

from around the globe in support of “A Cooperative Strategy for 21st Century

Seapower.” NECC forces and capabilities are integral to executing the maritime strategy which is based on expanded core capabilities of maritime power: forward presence, deterrence, sea control, power projection, maritime security, humanitarian assistance and disaster relief. To enable these, NECC provides a full spectrum of operations, including effective waterborne and ashore anti-terrorism force protection; theater security cooperation and engagement; and humanitarian assistance and disaster relief. NECC is also a key element of the Navy’s operational Irregular Warfare (IW) efforts in the area of operational support to the Navy forces in OEF.

As we begin to reshape our forces to ensure that our military is agile, flexible, and ready for the full range of contingences, we have determined that our current Navy expeditionary force structure can be realigned and ultimately reduced throughout the FYDP. Beginning in FY2013, one Seabee Battalion is converting from a Reserve to an Active unit. In addition, the merger of Riverine and Mobile Expeditionary Security Force Squadrons results in an increase of one Active unit and a reduction of three Reserve units.

NECC is not a standalone or combat force, but rather a force protection and combat service force of rapidly deployable mission specialists that fill the gaps in the joint battle space and compliment joint and coalition capabilities.

MARINE CORPS OPERATIONS

Active Operations

The FY 2013 budget ensures the Marine Corps continues to be a versatile middleweight force, forward deployed, engaged, and able to respond across the range of military operations. This budget submission supports continued success in Afghanistan and throughout the globe and begins to posture the Marine Corps to meet future global security challenges. This includes partnering with allied forces in every Geographic Combatant Commander’s area of responsibility, conducting humanitarian assistance and disaster relief missions, and bolstering capabilities such as Marine Corps Special Operations Command, theater security cooperation activities, and cyber operations.



The number one priority in the FY 2013 budget is continuing to provide the best trained and equipped Marine units to Afghanistan, and this will remain the Marine Corps' top priority as long as there are Marines in harm's way. The crisis response capabilities the Marine Corps affords our Nation will dictate our mission, training, and equipping needs, and in today's fiscal environment, the Marine Corps is making the hard decisions and redoubling its commitment to its traditional culture of frugality. As such, this budget significantly reduces the "cost of doing business" by reducing and consolidating headquarters activities, reducing the size of the Marine Corps footprint in the National Capital region, and stabilizing the total size of the civilian workforce at end of FY 2010 levels. Additionally, this budget ensures efficient spending in travel, printing, and contract services and reinvests these savings to meet readiness demands in other areas.

The FY 2013 budget supports the Marine Corps in its continued role in overseas contingency operations, while simultaneously supporting the Corps' need to train, sustain, and modernize its expeditionary capabilities. For example, this budget



funds training in counter-insurgency operations with the Immersive Infantry Trainer and the Squad Immersive Training Environment. Additionally, this budget continues the Marine Corps' efforts to increase theater security cooperation activities and build partner capacity with our allies and partners. The goal of these engagement activities is to minimize the conditions for conflict and enable host nation forces to effectively address instability as it occurs. Engagement activities also provide our Nation with a stance for crisis response and quick footing for action when the need arises. The rapid proliferation of new technologies, cyber warfare and advanced precision weaponry will expand the availability of extremely lethal means, thus empowering state and non-state actors as never before--these trends will exert a significant influence on the future security environment. As such, this budget increases the size and expands training in Marine Special Operations Command, supports the continued development of Marine Corps Forces Cyber Command, and begins the establishment of regionally focused Marine Expeditionary Brigades and Special Purpose Marine Air Ground Task Forces that support our forward-engaged Geographic Combatant Commanders.

The Marine Corps is also leading the development of expeditionary energy solutions for Department of Defense and the Department of Navy, and this budget supports

these groundbreaking initiatives by funding a Marine Corps Expeditionary Energy Office. The Marine Corps has issued Expeditionary Energy Strategy Implementation Planning Guidance and has created an experimental Forward Operating Base to test new concepts, ideas, and techniques for providing energy to forward deployed units while reducing the associated logistics footprint. In FY 2013, the Marine Corps is devoting more resources to build a foundation to achieve goals for increased energy efficiency and renewable energy by 2025.

The FY 2013 budget is also structured to preserve and enhance the quality of life for our Marines and their families by providing family support programs within morale, welfare, and recreation. These programs include peer-led suicide prevention programs, development of a “By Marines-For-Marines” call center designed to assist with problems at an early stage, and participation in a resiliency study that will examine risks to Marines across biological, psychological, and social domains. This budget also enhances Wounded Warrior care by adding staff to the Hope and Care Centers and the Warrior Athletic Reconditioning program.

The operation and maintenance budget supports the Marine Corps operating forces, which are comprised of three active Marine Expeditionary Forces (MEFs). Each MEF consists of a command element, one Marine Division, one Marine Aircraft Wing, and one Marine Logistics Group. Each MEF provides a highly trained, versatile expeditionary force capable of rapid response to global contingencies. The inherent flexibility of the MEF organization, combined with Maritime Prepositioning Force assets, allows for the rapid deployment of appropriately sized and equipped forces. Embedded within each MEF are three Marine Expeditionary Units which deploy regularly in the Expeditionary Strike Groups. These scalable forces possess the firepower and mobility needed to achieve success across the full operational spectrum in either joint or independent operations.

The Navy and Marine Corps team remain the solution set to fulfilling the Nation’s global maritime responsibilities. Naval forces are not reliant on host nation support or permission; in the conduct of operations, they step lightly on our allies and host countries. With the increasing concentration of the world’s population in littoral areas, the ability to operate simultaneously on the sea, ashore, in the air, and to move seamlessly between these three domains is critical. Amphibious forces, a combination of Marine air ground task forces and Navy amphibious ships, remain a uniquely critical and capable component of both crisis response and meeting our maritime responsibilities. Operating as a team,



amphibious forces provide operational reach and agility, they “buy time” and decision space for our national leaders in time of crisis. They bolster diplomatic initiatives by means of their credible forward presence. Amphibious forces also provide the Nation with assured access for the joint force in a major contingency operation. No other force possesses the flexibility to provide these capabilities and yet sustain itself logistically for significant periods of time, at a time and place of its choosing; this budget supports the Marine Corps ability to maintain this flexibility and capability.

Ground Equipment Depot Maintenance

Resetting the Marine Corps for the future after a decade of war remains a top priority – it is necessary to reset the force by addressing equipment shortfalls and to refresh equipment worn out or degraded by years of combat. Repair and rebuild of equipment is accomplished on a scheduled basis to maintain the readiness of the equipment inventory that is necessary to support operational needs. This program is coordinated with Marine Corps procurement to ensure that repair and procurement programs providing a balanced inventory, eliminating redundancy, and ensuring efficiency.

Figure 27 -- Marine Corps Ground Equipment Depot Maintenance

<i>(Dollars in Millions)</i>	FY 2011	FY 2012	FY 2013
Funding Profile:			
Baseline	\$78.02	\$78.71	\$168.45
Overseas Contingency Operations	<u>\$415.25</u>	<u>\$284.80</u>	<u>\$222.82</u>
Total	\$493.27	\$363.51	\$391.27
<u>Active Forces</u>			
Combat Vehicles	\$191.51	\$193.71	\$157.26
Tactical Missiles	\$0.00	\$0.00	\$0.00
Ordnance	\$30.65	\$15.47	\$33.23
Electrical Communication	\$31.09	\$19.79	\$32.28
Constructive Equipment	\$49.22	\$45.95	\$116.18
Automotive Equipment	\$190.80	\$88.59	\$52.32
Total Active Forces	\$493.27	\$363.51	\$391.27
Percent Funded of Total Requirement	100%	80%	94%

Employed in multiple combat and stability operations for the past decade, the Marine Corps utilized wartime supplemental funding sources to address the majority of its equipment repair and restoration requirements. The FY 2013 budget relies less on OCO funding and a greater proportion on baseline funding for the Depot Maintenance program.

RESERVE OPERATIONS



The mission of the Department's Reserve Components (RC) is to provide strategic depth and deliver operational capabilities to our Navy and Marine Corps team and Joint forces, from peace to war. In FY 2013, the Reserve Components will continue to contribute significantly to the effectiveness of the Department's Total Force. The Navy and Marine Corps Reserve budgets support the day-to-day costs of operating Reserve Component forces and maintaining assigned equipment at a state of readiness that will permit rapid deployment in the event of full or partial mobilization and meet fleet operational support requirements. This budget ensures the RC remains "Ready Now. Anytime, Anywhere."

The Department's RC operating forces consist of aircraft, ships, combat equipment and support units, and their associated weapons. The Navy and Marine Corps Reserve end-of-year operating aircraft inventory totals 253 airframes in FY 2013. The Navy Reserve ship inventory is eight Battle Force ships. Funding is also provided to operate and maintain Reserve Component activities and commands in all fifty states. There will be 132 Navy Reserve and 189 Marine Corps Reserve facilities at the end of FY 2013.

Navy Reserve Ships

The Navy's RC will support our Maritime Strategy by steaming 43 days underway per quarter for deployed forces and 25 days underway per quarter for non-deployed forces within the baseline. The non-deployed OPTEMPO provides for the training of units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, sustainment training, and various other training requirements. Requested funding for contingency operations will

support additional deployed steaming of approximately seven days per quarter. Navy RC Battle Force ships provide force application as well as command and control capabilities with eight frigates assigned at the close of FY 2013.

Figure 28 – Navy Reserve Battle Force Ships

	FY 2011	FY 2012	FY 2013
Surface Combatants	8	8	8
Reserve Battle Force Ships*	8	8	8

*Also included in Figure 19

Navy Reserve Ship Maintenance

RC ship maintenance is integrated with the Active Component program. The funding decrease from FY 2012 to FY 2013 is driven by the differences in the maintenance induction schedule. In FY 2013 Other Restricted Availability / Technical Availability, Emergent Restricted Availability / Technical Availability, and Continuous Maintenance requirements decrease. The shipyards have the capability to execute the FY 2013 ship maintenance schedule as well as the deferred maintenance amounts reflected in Figure 29.

Figure 29 - Navy Reserve Ship Maintenance

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Reserve Forces			
Baseline Ship Maintenance	\$86	\$54	\$49
Overseas Contingency Operations	\$3	\$0	\$1
Total Ship Maintenance	\$89	\$54	\$50
Percentage of Projection Funded	100%	98%	95%
Annual Deferred Maintenance	\$0	\$1	\$3

Reserve Component Air Forces

RC flying hour funding enables ready Navy and Marine Corps Reserve aviation forces to operate, maintain, and deploy in support of the National Military Strategy. Navy and Marine Corps RC aviation forces will continue to provide vital logistics,

force application, force support, battlespace awareness, command and control, and net-centric capabilities to the Fleet and COCOMs through participation in global deployment and various exercises. The Naval Air Force Reserve consists of one Logistics Support Wing (twelve squadrons), one Tactical Support Wing (six squadrons), two Helicopter Sea Combat squadrons, two integrated Helicopter Mine Countermeasures squadrons, two Maritime Patrol squadrons, and one Helicopter Anti-Submarine Squadron Light. The 4th Marine Aircraft Wing (MAW) consists of nine squadrons and supporting units.



Figure 30 – Reserve Component Aircraft Force Structure

	FY 2011	FY 2012	FY 2013
<u>Reserve Forces</u>	<u>3</u>	<u>3</u>	<u>3</u>
Navy Tactical Support Air Wing	1	1	1
Navy Logistics Support Air Wing	1	1	1
Marine Aircraft Wing	1	1	1
<u>Primary Authorized Aircraft (PAA) – Reserve</u>	<u>267</u>	<u>260</u>	<u>253</u>
Navy	159	151	150
Marine Corps	108	109	103

The Navy's RC fulfills the preponderance of the Department's adversary and intra-theater logistics requirements. The Navy RC helicopter footprint in the CENTCOM Area of Responsibility (AOR) has been continuous since 2003, supporting special-operations-ground-force missions, psychological operations, and medical and casualty evacuations. The FY 2013 request completes the transition of HSC-84 and HSC-85 to Special Operating Forces Helicopter Sea Combat squadrons. Located in Norfolk, VA, and San Diego, CA, the two integrated squadrons will exclusively fly the HH-60H aircraft and focus on the Special Warfare mission.

The Tactical Support Wing (TSW) provides a strategic reserve and operates alongside the Active Component in carrier air wing workups and exercises around the globe and rotationally deploys EA-6B electronic warfare aircraft in support of contingency operations. Navy reservists are not only ready to support national

defense missions, but also civil-military missions such as providing disaster relief. RC aircrews and maintainers also conduct mine warfare operations in multiple theaters, train naval aviators, and augment global maritime patrol deployments.

To balance risk in a fiscally constrained environment informed by strategy, the E-2C Hawkeye Airborne Early Warning aircraft of the TSW were removed as a force structure reduction. This action will terminate the E-2C role in SOUTHCOM regional counter-narcotics operations.

The 4th MAW conducts air operations in support of the Fleet Marine Forces worldwide, in areas including anti-aircraft warfare, offensive air support, assault support, electronic warfare, aerial reconnaissance, control of aircraft and missiles, and as a collateral function, to participate as an integral component of naval aviation in the execution of such other Navy functions as directed. Marine Corps RC helicopters, KC-130T refueling tankers, and F/A-18 strike fighter aircraft have been activated and repeatedly deployed around the globe, including Iraq and Afghanistan. The 4th MAW also augments the Marine Corps Active Component by providing all aviation support to Mojave Viper and OEF pre-deployment training for all infantry battalions held in Twentynine Palms, CA.

In FY 2013 the 4th MAW will begin transition from the CH-46E medium lift helicopter to the MV-22B tilt rotor tactical aircraft. The MV-22B Osprey is capable of operating from ships or from expeditionary airfields ashore, providing assault transport for troops, equipment, and supplies.

Figure 31 displays RC flying hour readiness indicators. Combined baseline and contingency funding allows Navy and Marine Corps RC aircrews to meet minimum flight time requirements, maintain readiness in all mission areas and meet operational demands.

Figure 31 – Reserve Component Flying Hour Program

	FY 2011	FY 2012	FY 2013	GOAL
TACAIR - Navy	T-2.6	T-2.6	T-2.6	T-2.6
TACAIR - USMC	T-2.0	T-2.0	T-2.0	T-2.0
Reserve Squadrons (%)	97%	97%	97%	98%

Reserve Component Aircraft Depot Maintenance



The RC aircraft depot maintenance program is integrated with the Active Component program to fund repairs, overhauls, and inspections, within available capacity, and to ensure sufficient quantities of aircraft are available to operational units. Similar to the active program, any cumulative airframes or engines not completed from previous years are carried over as backlog and are not Ready-For-

Use until repaired. A one-year backlog is the threshold for what can be effectively accomplished with no additional tooling, equipment, or space; the manageable one-year backlog cannot exceed 100 airframes and 340 engines across the Active and Reserve Components.

The FY 2013 budget provides optimized capability within fiscal constraints. Ninety-seven percent of the cumulative requirement is supported in the budget resulting in a yearly backlog of 4 airframes and 0 engines. Figure 32 displays baseline and overseas contingency operations funding requests and readiness indicators for RC aircraft depot maintenance.

Figure 32 - Reserve Component Aircraft Depot Maintenance

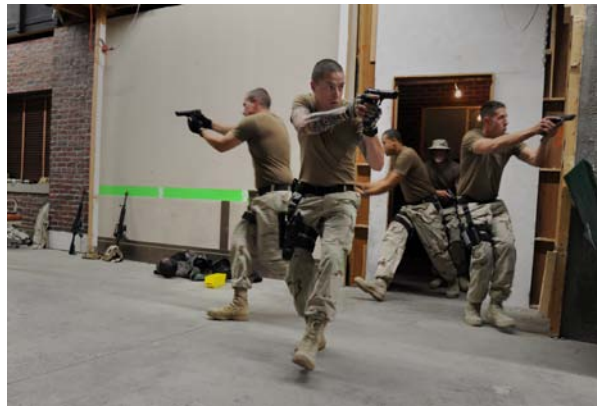
Aircraft Depot Maintenance

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
<u>Reserve Forces</u>			
Airframes	\$97	\$88	\$76
Engines	\$38	\$36	\$31
Baseline Reserve Aircraft Depot Maintenance	\$135	\$124	\$107
Overseas Contingency Operations	\$18	\$11	\$0
Total Reserve Aircraft Depot Maintenance	\$153	\$135	\$107
Percent Funded of Total Requirement	100%	99%	97%
<u>Reserve Forces</u>			
Airframes Yearly Backlog	0	1	4
Engines Yearly Backlog	0	14	0

Navy Reserve Expeditionary Forces

The Reserve Component expeditionary forces are integrated with the Active Component forces to provide a continuum of capabilities unique to the maritime environment within the NECC. Blending the AC and RC brings strength to the force and is an important part of the Navy's ability to carry out the Naval Maritime Strategy from blue water into green and brown water and in direct support of the Joint Force. The Navy Reserve trains and equips over half of the Sailors supporting NECC missions, including naval construction and explosive ordnance disposal in the CENTCOM region, as well as maritime expeditionary security, expeditionary logistics (cargo handling battalions), maritime civil affairs, expeditionary intelligence, and other mission capabilities seamlessly integrated with operational forces around the world.



Marine Corps Reserve Operations

The Marine Corps Reserve is a full partner in the Marine Corps' Total Force concept. The Reserve Component is trained, organized, and equipped in the same manner as the active force and provides complementary assets that enable the Marine Corps total force to both mitigate risk and maximize opportunities. Our Reserve component coupled with the active force gives the Marine Corps the capacity and capability to support steady state and crisis response operations through rotational deployments and to rapidly surge in support of major contingency operations. Individual Ready Reserve Marines and Individual Mobilization Augmentees continue to fill critical requirements in support of the national defense while reserve infantry, armor, reconnaissance, and transportation units from the 4th Marine Division have served with distinction in Afghanistan and elsewhere, seamlessly integrating with their active component counterparts. Additionally, reserve aviation units from the 4th Marine Aircraft Wing as well as combat logistics units from the 4th Marine Logistic Group have deployed to support combat operations abroad as integral parts of Marine Air Ground Task Forces engaged in combat operations in Afghanistan. At home, the Marine Forces Reserve maintains Reserve Marines and equipment pre-positioned throughout the country, ready to assist in not only national defense missions, but also civil-military missions such as disaster relief.

The FY 2013 operations and maintenance budget sustains a force of 39,600 Reserve Marines assigned to units across the country. Similar to the active component, the Marine Forces Reserve consists of the Marine Forces Reserve headquarters and its subordinate Marine Division, Marine Aircraft Wing, and Marine Logistics Group, all of which are headquartered in New Orleans, Louisiana. The Reserves are unique in that the subordinate regiments/group, battalions/squadrons, and companies/detachments are located at 186 reserve training centers and sites across the United States; this budget maintains the Reserve component's capability without any reductions to reserve end strength. As we reshape the active Marine Corps from 202,100 Marines to a force of approximately 182,100 Marines, we understand that there is some risk relative to current and anticipated requirements; as such, the Marine Corps aims to leverage the diverse depth and range of assets within our Reserve component to mitigate these risks.



Sustained combat operations over the last ten years demonstrate the high level of flexibility and responsiveness of the Reserve Force and have shown it to be a critical aspect of the Marine Corps Total Force. The momentum gained through a decade of experience in both Iraq and Afghanistan, along with participation in Theater Security Cooperation (TSC) engagements across the globe, reaffirm

the viability of a reserve component that expands the Marine Corps' ability to perform as America's Expeditionary Force in Readiness.

Figure 33 reflects Marine Corps Reserve Ground Equipment Depot Maintenance.



Figure 33 -- Marine Corps Reserve Ground Equipment Depot Maintenance			
<i>(Dollars in Millions)</i>	FY 2011	FY 2012	FY 2013
Funding Profile:			
Baseline	<u>\$16.21</u>	<u>\$16.38</u>	<u>\$16.74</u>
Total	\$16.21	\$16.38	\$16.74
<u>Reserve Forces</u>			
Combat Vehicles	\$1.87	\$2.15	\$3.43
Tactical Missiles	\$0.00	\$0.00	\$0.00
Ordnance	\$1.98	\$0.53	\$5.11
Electrical Communication	\$4.37	\$7.61	\$1.15
Constructive Equipment	\$3.78	\$1.87	\$3.40
Automotive Equipment	\$4.21	\$4.22	\$3.65
Total Reserve Forces	\$16.21	\$16.38	\$16.74
Percent Funded of Total Requirement	100%	100%	100%



SECTION V – INVESTING TOWARD THE JOINT FORCE OF 2020

OVERVIEW

In keeping with the priorities of the Secretary of Defense, the FY 2013 budget incorporates various investment strategy measures while continuing to institutionalize and enhance our capabilities to fight today's wars, the most-likely future conflict scenarios, while maintaining a hedge against other risks and contingencies.



The FY 2013 budget continues investment in platforms and systems that maintain capability for today's conflicts and transition the force to meet tomorrow's challenges across the full spectrum of operations. Although fiscal constraints have affected the level of acquisition funding, the Department of the Navy procurement plan maintains a healthy industrial base while promoting acquisition excellence and integrity. Procurement of the Littoral Combat Ship (LCS), Intelligence, Surveillance and Reconnaissance (ISR) platforms, dominant unmanned systems and other programs that actively support countering terrorist threats.

The Department of the Navy is dedicated to procuring a naval force that is both affordable and meets the Priorities for 21st Century Defense. Our naval forces will remain sea based, with global speed and persistence provided by forward deployed forces and supplemented by rapidly deployable forces through the Fleet Response Plan (FRP). This capabilities-based, threat-oriented fleet can be disaggregated and distributed world-wide to deter and defeat aggression or rapidly aggregated to project power despite anti-access / area denial challenges. The resulting distributed and netted force, operating effectively in cyberspace and working in conjunction with our joint and maritime partners, will provide both actionable intelligence and the ability to take action where and when the threat is identified in today's unstable environment.

SHIP PROGRAMS



The Navy's shipbuilding budget procures 41 battle force ships from FY 2013 to FY 2017. The budget funds a continuum of forces ranging from the second *Ford* Class aircraft carrier (CVN 79), the covert Virginia class submarine, the multi-mission DDG 51 destroyer, to the Littoral Combat Ship and the Joint High Speed Vessel

(JHSV) with its greater access to littoral areas. This balance continues to pace future threat capabilities while fully supporting current irregular warfare operations and supporting maritime security and stability operations in the littorals.

The FY 2013 shipbuilding budget funds approximately \$12.9 billion per year in new construction for 41 ships across FY 2013 to FY 2017, as show in the below figure.

Figure 34 –Shipbuilding Plan

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FYDP
CVN 21	-	1	-	-	-	-	1
SSN 774	2	2	1	2	2	2	9
DDG 51	1	2	1	2	2	2	9
LCS	4	4	4	4	2	2	16
LPD 17	1	-	-	-	-	-	0
LHA (R)	-	-	-	-	-	1	1
T-ATF	-	-	-	-	2	-	2
MLP/AFSB**	1	-	1	-	-	-	1
JHSV	2	1	-	-	-	-	1
T-AO(X)	-	-	-	-	1	-	1
New Construction Total	11	10	7	8	9	7	41
LCAC SLEP	4	2	4	4	4	4	18
Oceanographic Ships	1	-	-	-	-	-	0
Ship to Shore Connector*	-	1	-	2	5	5	13
Moored Training Ships	-	-	-	1	-	1	2
CVN RCOH	-	1	-	-	1	-	2

*Two lead SSCs are funded in RDT&E

**MLP funded in NDSF (FY 2011: \$800M, FY 2012: \$400M, FY 2013: \$38M)

The FY 2013 shipbuilding budget funds 10 battle force ships, including the second Ford class aircraft carrier, two *Virginia* class submarines, two DDG 51 *Arleigh Burke* destroyers, the fifth JHSV for the Navy, and four LCS. Additionally, the budget includes funding for the CVN 72 Refueling Complex Overhaul.

Aircraft Carriers

The next generation aircraft carrier, the *Ford* Class, will be the future centerpiece of the carrier strike group and a major contributor to the future expeditionary strike force as envisioned in *Sea Power 21*. Taking advantage of the *Nimitz* Class hull form, the *Ford* Class will feature an array of advanced technologies designed to improve warfighting capabilities and allow significant manpower reductions. The Department will procure the second *Ford* Class carrier (*John F. Kennedy* (CVN 79)) in 2013. With \$608 million requested in FY 2013 to initiate the detail design and construction contract, the Department intends to incrementally fund CVN 79 over six years.



To address fact-of-life cost increases, as well as the government's share of the ship construction variance to date, the department added \$811 million to the *Gerald R. Ford* (CVN 78) budget across the FYDP.

To maximize the readiness of our existing fleet of aircraft carriers and meet the demands of the Combatant Commanders, the Refueling Complex Overhaul (RCOH) program provides a mid-life depot availability to accomplish reactor refueling, warfighting modernization, and repair of ship systems and infrastructure so the ship may adapt to future mission requirements and meet continued service life requirements. The RCOH program recapitalizes *Nimitz* Class aircraft carriers to provide for reliable operations during its remaining 23 plus years of ship life using only the normal maintenance cycle. The FY 2013 budget includes \$1.7 billion for the first increment of funding for the RCOH of the *USS Abraham Lincoln* (CVN 72) which is scheduled to begin in February 2013.

Surface Ship Programs

Surface combatants are the workhorses of our Fleet and central to our traditional Navy core capabilities. The Navy continues to be concerned about evolving capability gaps in the outer air battle in the blue water, particularly against improved ballistic missile capabilities emerging worldwide. The FY 2013 budget requests \$3.5 billion for two DDG 51 destroyers and advance procurement/economic order quantity as part of the FY 2013 – FY 2017 Multi-Year Procurement (MYP) in support of this capable platform.



The FY 2013 budget request contains \$1,785 million to procure 4 LCS seaframes per the 20 ship block buy plan with Lockheed Martin and Austal, through FY 2015. The LCS is a fast, agile and stealthy surface combatant capable of operating against anti-access, asymmetric threats in the littorals. LCS will influence behavior and deter adversaries by its ability to

operate in environments previously impractical for larger multi-mission ships. LCS uses architectures and interfaces that permit tailoring tactical capabilities to various LCS missions. These mission module packages are easily interchangeable as operational conditions warrant. The primary mission areas of LCS are small boat prosecution; mine countermeasures; shallow water anti-submarine warfare; and intelligence, surveillance, and reconnaissance activities. Secondary missions include homeland defense, maritime interception, and special operation forces support.

The FY 2013 budget procures 1 Mine Countermeasures (MCM) mission module and 2 Surface Warfare (SUW) mission modules to provide flexible, scalable, modular warfighting capability to the LCS seaframe. The MCM module delivers enhanced capability compared to our current MCM fleet of ships by introducing the Unmanned Surface Vehicle, Airborne Laser Mine Detection System, AQS-20A mine hunting sonar, Airborne Mine Neutralization System, and Organic Air & Surface Influence Sweep. Additionally, the SUW modules bring additional firepower and maritime security capability to the LCS seaframe.

The Guided Missile Cruiser (CG 47 Class) modernization program (CG Mod) supports modernization of the AEGIS cruisers, commencing with the older Baseline 2 and 3 ships. The CG Mod program delivers rapid introduction of critical new warfighting capabilities by providing enhanced air dominance and C4I capabilities, an improved gun weapon system and force protection systems, and a commercial off-the-shelf (COTS) computing architecture. Hull, mechanical and electrical (HM&E) upgrades will enable these ships to reach their 35 year service life. While the Department has decided to inactivate 4 CGs in FY 2013 and 3 CGs in FY 2014, the requirement to maintain and upgrade existing cruisers remains a high priority. While no additional procurement funding is required, the FY 2013 budget funds two HM&E installations and one Combat System installation.

The Guided Missile Destroyer (DDG 51 Class) Modernization program (DDG Mod) is a significant, integrated advancement in class combat systems and HM&E

systems. This investment enables core modernization of DDG combat systems to keep pace with the 2020 threat environment and extend the mission service life of the ships to 35 years. Enhancements added to the program are included in the areas of air dominance, force protection, C4I, ballistic missile defense capability, and mission life extension upgrades. The FY 2013 budget includes funds for five DDG Modernization availabilities as well as long lead procurement of equipment for six availabilities spanning FY 2014 and 2015.

Submarine Programs

The Navy continues to modernize the fleet of submarines. *Virginia* Class fast attack submarines are joining the existing fleet of *Los Angeles* and *Seawolf* Class submarines



to provide covert force application throughout the world's oceans. Construction of the *Virginia* Class continues to be performed under a teaming arrangement between General Dynamics Electric Boat and Huntington Ingalls Industries, Newport News. The eighth *Virginia* Class submarine *USS California* (SSN 781) was delivered to the fleet in July 2011. FY 2009 funded the first of

eight *Virginia* Class submarines under a multi-year procurement contract awarded in December 2008. FY 2013 funds the seventh and eighth *Virginia* Class submarines in the MYP contract and advance procurement funding for future submarines. The Department is requesting authority for a follow-on nine ship MYP contract beginning in FY 2014.

Logistics Platforms

In FY 2013, the Department added funding for design efforts for a modified Mobile Landing Platform (MLP) known as an Afloat Forward Staging Base (AFSB), planned for procurement in FY 2014. The AFSB will provide troop berthing and aviation modules that will offer COCOMs greater flexibility by providing additional in-theater capability. To modify the FY 2012 MLP to a similar AFSB configuration, the Department requests research and development funding in FY 2013 to facilitate modernizing this flexible platform. This third MLP is available for conversion since the Department only needs two MLPs, one for each Maritime Prepositioning Squadron.

The FY 2013 budget procures the Navy's final Joint High Speed Vessel to meet the revised total inventory objective of 10, which includes the 5 vessels transferred from the Army to Navy. Once fielded, the JHSV supports COCOM requirements for the rapid intra-theater lift of medium payloads of military rolling stock and cargo along with cohesive units of military personnel.

The Landing Craft Air Cushion (LCAC) craft modernization program continues with a service life extension for two craft in FY 2013. LCACs provide rapid over the horizon movement of USMC forces from the sea base to the beach. Additionally, the budget request includes RDT&E funding to procure a second Ship to Shore Connector (SSC), which is the follow-on to the LCAC program.

Ship Research and Development

OHIO Class Replacement

The Department of Navy has budgeted \$565 million in FY 2013 for the *Ohio* Class submarine replacement program (SSBN(X)). While the Department delayed the program two years due to affordability, the FY 2013 research and development efforts will focus on the propulsion plant, missile compartment development, and platform development technologies like the propulsor, electric actuation, maneuvering/ship control, and signatures. These funds provide for joint development of missile launch technologies in support of longstanding bilateral agreements with the United Kingdom. In addition, the Department continues to fund design for affordability efforts necessary to meet the cost targets for the program.

FORD Class

The budget requests \$219 million in FY 2013 for integration efforts, nuclear propulsion development, test planning and support, and funds to complete system development and demonstration on Advance Arresting Gear (AAG) and continue system development and demonstration on the Electromagnetic Aircraft Launch System (EMALS). Both AAG and EMALS will be sufficiently mature to install as part of new construction and meet the delivery date for Gerald R. Ford. AAG and EMALS will improve reliability and maintainability, reduce manning and workload, and support increased sortie generation rates and operational availability when compared to the legacy Nimitz class launch and recovery systems.

VIRGINIA Class

Virginia Class research and development efforts continue to focus on cost reduction



efforts, operational evaluation testing, development of sonar, combat control, and electronic support systems, and submarine multi-mission team trainer efforts. The FY 2013 budget includes \$65 million which continues efforts to improve electronic systems and subsystems, development of improved silencing capability and reduced Total

Ownership Costs for Block IV submarines.

In addition, the FY 2013 budget includes \$100 million for platform design efforts on future *Virginia* submarine strike payload capacity for Tomahawk Land Attack and follow on missiles. The design is targeted for the Block V ships which are scheduled to begin construction in 2019.

Fleet Oiler Replacement (T-AO(X))

Given funding constraints, the Department reduced the procurement of the T-AO(X) within the FYDP and delayed the recapitalization of fleet oilers from FY 2014 to FY 2016. In FY 2013, the Department continues funding for research and development efforts such as ship design development, requirements definition, and concept of operations development. Replacement fleet oilers are expected to be double-hulled to comply with the Oil Pollution Control Act of 1990 and meet International Maritime Pollution convention.

Air and Missile Defense Radar (AMDR)

The budget requests \$224 million in FY 2013 to complete the Air and Missile Defense Radar's Technology Development phase in preparation for Milestone B in the first quarter of FY 2013. The radar is an open-architecture solution to the requirement for Ballistic Missile Defense, while also improving the DDG 51 class air defense capabilities. AMDR is envisioned to be installed on the second FY 2016 and both FY 2017 DDG 51 ships and is a key component of the Flight III configuration.

Surface Electronic Warfare Improvement Program (SEWIP)

In response to current threats, the budget requests \$126 million for continuing research and development efforts associated with SEWIP, which provides enhance electronic warfare (EW) capabilities to both existing and new ship based combat systems. These capabilities will improve anti-ship missile defense, counter targeting, and counter surveillance activities. SEWIP Block 2 will develop an upgraded

antenna, receiver, and combat system interface for the currently installed AN/SLQ-32 EW suite, providing improved detection, accuracy, and mitigation of electronic interference. SEWIP Block 3 will add an electronic attack (EA) capability to the AN/SLQ-32 EW suite, providing an EA transmitter, array, and advanced techniques. These system improvements will ensure the Department keeps pace with the anti-ship missile threat.

AVIATION PROGRAMS

Aircraft Programs

Navy and Marine Corps aviation continues to provide forward deployed air presence in support of our national strategy. Positioned to support the joint warfighter, the FY 2013 budget provides the Department with the best balance of



naval aviation requirements. The proposed FY 2013 multi-year aircraft procurement contract for V-22 airframes is projected to provide significant savings, stretching available procurement funds. Development funding continues for the F-35, P-8A, CH-53K, Broad Area Maritime

Surveillance (BAMS) Unmanned Aerial System (UAS), and VXX. The Department remains dedicated to UAS use in naval aviation and for the FY 2013 budget has optimized the UAS across the Department's portfolio. The Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS) development program began in FY 2012 with a limited operational capability now set for FY 2020. The demonstrated in theater capability of the MQ-8B Fire Scout aircraft and follow on MQ-8C capability upgrade have superseded the need for the Medium Range Maritime Unmanned Aerial System (MRMUAS) which has been terminated in the FY13 request.

Figure 35 –Major Aircraft Programs

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FYDP
Fixed Wing							
F-35B (STOVL JSF)	6	6	6	6	9	14	41
F-35C (CV JSF)	7	4	4	6	9	14	37
F/A-18E/F	28	26	13	-	-	-	39
EA-18G	12	12	-	-	-	-	12
E-2D AHE	5	5	5	7	6	7	30
P-8A (MMA)	11	13	17	20	20	13	83
C-40A	-	-	-	-	-	1	1
KC-130J (USMC)	1	0	2	2	2	2	8
Rotary Wing							
AH-1Z/UH-1Y*	26	28	27	27	26	31	139
CH-53K	-	-	-	-	2	2	4
MV-22B	30	17	18	19	19	18	91
MH-60R	24	19	19	31	38	-	107
MH-60S	18	18	18	8	-	-	44
UAV							
MQ-8 (VTUAV)	12	6	7	7	8	6	34
BAMS UAS	0	0	3	4	4	5	16
STUAS	0	5	5	5	0	0	15
Training							
T-6A/B (JPATS)	36	33	31	0	0	0	64
Total Major Aircraft Programs	216	192	175	142	143	113	765

*Includes Overseas Contingency Operations request of one AH-1 in FY2013

Fixed Wing

Navy and Marine Corps aviation provide the COCOMs with air superiority and the persistent ability to strike opponents with several platforms. The F-35B Short Takeoff and Vertical Landing (STOVL) variant will be a multi-role strike fighter to replace the AV-8B and F/A-18A/B/C/D for the Marine Corps. The F-35C carrier variant provides the Navy with a multi-role stealthy strike fighter to complement the F/A-18. The F-35 brings improved stealth and countermeasures, and incorporates the latest available technology for advanced avionics, data links and adverse weather precision targeting. It has increased range and includes weaponry upgrades which are superior to the weapons currently employed in the fleet. This state of the art aircraft will enable the Navy and Marine Corps team to command



and maintain global air superiority in an increasingly dynamic and dangerous world. FY 2013 is the seventh LRIP for the STOVL variant and carrier variant (CV) with six and four aircraft respectively. The FY 2013 JSF budget supports the revised program schedule that was reviewed and approved as part of the Department of Defense assessment of program concurrency. As part of this assessment, F-35C CV quantities were reduced from 12 to 4 in FY 2013 and by 48 over the FYDP. F-35B STOVL quantities remained constant at 6 in FY 2013 but were reduced by 21 over the FYDP. The total reduction of 69 aircraft minimizes the number of aircraft the Department will need to modify for concurrency, funds the cost associated with concurrency from within the JSF program, as well as reduces the Department's overall investment in the JSF program.



The Super Hornet (F/A-18E/F) currently leads naval aviation in the fighter/attack role. The FY 2013 budget continues a cost saving multi-year procurement of twenty-six F/A-18E/F aircraft. To ensure a fully capable inventory of strike aircraft the Department also added \$1.27 billion for various modifications to extend the service life of legacy F/A-18. The major modifications that were funded wereIRST, additional service life extension, and Multifunctional Information Distribution System/Joint Tactical Radio System upgrades.

The EA-18G Growler, which replaces the EA-6B, continues to assume the airborne electronic attack role, supporting all operational requirements and fully integrating into strike packages. EA-18Gs provide for a joint, long-term expeditionary electronic attack capability. Twelve EA-18Gs are being procured in FY 2013.

The E-2D Advanced Hawkeye program continues Low Rate Initial Production with Lot 2 procuring five aircraft in FY 2013. This next generation, carrier based early warning, command and control aircraft will provide improved battle space detection, support Theater Air Missile Defense (TAMD), and offer improved operational availability. The E-2D combined with the SM-6 missile, Cooperative Engagement Capability (CEC) and the AEGIS combat system is a key component of Naval Integrated Fire Control – Counter Air (NIFC-CA), enabling use of the missile at its maximum kinetic range. The E-2D will ensure the “eyes” of the nation’s sea-based strike capability remain focused on emerging threat systems.

Sustainment of the missions performed by the aging P-3 Orion fleet remains a priority for the Department. The P-8A Multi-Mission Maritime Aircraft (MMA), based on the Boeing 737 platform, begins replacing the P-3, with an Initial

Operational Capability (IOC) in 2013. The P-8A's ability to perform undersea warfare to include high altitude launched torpedo capability, surface warfare and ISR missions make it a critical force multiplier for the joint task force commander. The P-8A, will continue Full Rate Production with the award of thirteen aircraft in FY 2013.

Rotary Wing

The UH-1Y/AH-1Z aircraft fulfills the Marine Corps attack and utility helicopter missions. The FY 2013 base budget supports the AH-1Z new build strategy with construction of eight AH-1Z aircraft in FY 2013. The budget also includes the remanufacture of four AH-1Z aircraft and the new construction of fifteen UH-1Y aircraft for a total of twenty-seven aircraft. These aircraft types have 84% commonality and provide airborne command and control, armed escort, armed reconnaissance, search and rescue, medical evacuation, close air support, anti-armor operations and anti-air warfare.



The Osprey MV-22B Tilt Rotor is pursuing a follow-on multi-year procurement with the Air Force from FY 2013 through FY 2017, which will provide substantial savings. The MV-22B fills a critical capability role with the Marine Corps by incorporating the advantages of a Vertical/Short Takeoff and Landing aircraft that can rapidly self-deploy to any location in the world. The joint program will procure MV and CV variants to support the Marine Corps and Air Force respective requirements. The MV-22B has been one of the key workhorses for the USMC supporting ongoing contingency operations in Afghanistan and around the world.

The Department continues to support the multi-year procurement (FY 2012-FY 2016) of both the MH-60R Seahawk and MH-60S Knighthawk helicopters, which are part of a joint contract with the Army's UH-60M Blackhawk. The MH-60R replaces the aging SH-60B and SH-60F helicopters, whose primary mission areas are undersea warfare and surface warfare. This platform will have numerous capability improvements including airborne low frequency sonar, multi-mode radar, electronic support measures, and forward looking infra-red sensor.

The MH-60S, which is primarily employed as a logistics platform, will sustain the forward deployed fleet in missions ranging from rapid airborne delivery of

materials and personnel to support amphibious operations through search and rescue coverage. Armed helicopter and organic airborne mine countermeasures are mission areas which will be added as block upgrades.

Unmanned Aerial Vehicles



The FY 2013 budget underpins the goal of transforming the force with unmanned vehicles by investing in a broad range of unmanned platforms in support of Joint Force and Combatant Commander demands for increased ISR capability and capacity. These programs support the warfighter by providing a persistent ISR capability through the continued

development, acquisition, and fielding of UAV systems such as the MQ-8 Vertical Take Off and Landing Tactical UAV (VTUAV), the RQ-7 Marine Corps Tactical Unmanned Aerial System (MCTUAS), the Small Tactical Unmanned Aircraft System (STUAS), and RQ-4 Broad Area Maritime Surveillance system. Additionally, the Department is funding future unmanned development, including the technology demonstration of the Navy Unmanned Combat Aerial System (NUCAS) and the Unmanned Carrier Launched Airborne Surveillance and Strike system development.



The MQ-8 VTUAV conducts missions including over-the-horizon tactical reconnaissance, classification, targeting, laser designation, and battle management. The MQ-8 launches and recovers vertically and can operate from air capable ships (DDG, CG, FFG, LCS), as well as confined area land bases. The Department continues to field the MQ-8 with the procurement of six aircraft in FY 2013. In accordance with enduring Special Operations Force (SOF) Intelligence, Reconnaissance, and Surveillance (ISR) requirements, the Defense Department has identified the MQ-8 as the SOF ISR solution. Additionally, the Department has added \$99 million in FY 2013 and \$59

million over the FYDP for additional research and development activities for the MQ-8C capability enhancement program to support this joint mission. In FY 2013 the Department will continue to procure MQ-8Cs as a Rapid Deployment Capability (RDC) in order to support an IOC of FY 2014.

The RQ-7 MCTUAS was procured through joint efforts with the Army's Shadow program. The USMC will continue to field Tactical Common Data Link modifications in FY 2013. The USMC will sustain the current UAS inventory with replacement of components and systems based on attrition rates in FY 2013 and future years. The Shadow UAS is providing Marine Tier III UAS capability to the MAGTF commander, while replacing the legacy Pioneer UAS. The RQ-7 Shadow UAS is interoperable, compatible, and maintainable with Army Shadow units.

The STUAS is a combined Navy and Marine Corps program for a common solution that provides persistent Intelligence, Surveillance, and Reconnaissance/Target Acquisition support for tactical level maneuver decisions and unit level force defense/force protection for naval amphibious assault ships (multi-ship classes) and Navy and Marine land forces. Development efforts continue in FY 2013. STUAS will be used to complement other high demand, low density (HDLD) manned and unmanned platforms. STUAS will be available to operate from ship/shore scenarios where those HDLD assets may not be available to ship or other Navy unit commanders. This system will fill the ISR capability shortfalls currently filled by ISR services contracts.

RQ-4 BAMS system development and demonstration continues in FY 2013 with \$657 million to provide a High Altitude-Long Endurance Unmanned Aircraft System designed to provide persistent maritime ISR of nearly all the world's high-density sea-lanes, littorals, and areas of national interest. Envisioned as an unmanned adjunct to the P-8A MMA, and crucial to the recapitalization of Navy's airborne maritime ISR capability, the system will seek to leverage Maritime Patrol and Reconnaissance Force manpower, training and maintenance efficiencies. The BAMS UAS air vehicle features sensors designed to provide near worldwide coverage through a network of five CONUS and OCONUS orbits, with sufficient air vehicles to remain airborne for 24 hours a day, 7 days a week, out to ranges of 2,000 nautical miles. Onboard sensors will provide detection, classification, tracking and identification of maritime targets and include maritime radar, electro-optical/infrared, and Electronic Support Measures systems. Additionally, BAMS will have a communications relay capability designed to link dispersed forces in the theater of operations and serve as a node in the Navy's FORCEnet strategy.

The FY 2013 budget also includes \$142 million to continue the NUCAS program's carrier demonstration of a tailless platform. The NUCAS program will demonstrate carrier operations, including Autonomous Aerial Refueling, in order to mature carrier-based unmanned air technologies.



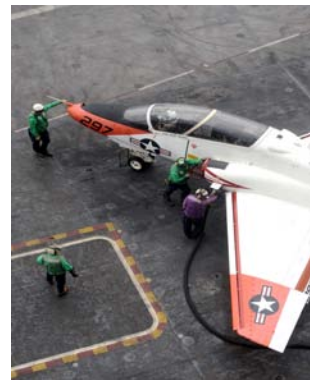
The Navy's carrier-based unmanned aerial vehicle efforts, continues funding the development and deployment of the Unmanned Carrier Launched Airborne Surveillance and Strike system. UCLASS will incorporate control technologies and subsystems demonstrated by NUCAS to provide a Limited Operational Capability (LOC) to Carrier Battle Group Commanders

in support of COCOM requirements in FY 2020.

The funding for the Medium Range Maritime Unmanned Aerial System (MRMUAS) program was terminated because the MQ-8C capability enhancement program will be adequate to address Navy SOF requirements.

Training

In FY 2013, the Department continues to procure 33 T-6B Texan II aircraft. The T-6B, commonly referred to as the Joint Primary Aircraft Training Systems (JPATS), replaces the Navy's T-34 primary flight trainer for entry level student naval aviators and student naval flight officers. The JPATS' upgraded avionics, communications and navigation systems will provide our student aviators and naval flight officers with aircraft systems more representative of what they will ultimately fly.



Aviation Research and Development

RDT&E,N initiatives support both traditional and irregular warfare demands in several aviation programs. The E-2D Advanced Hawkeye (AHE) development program develops, demonstrates, tests, and procures the replacement of the AN/APS-145 radar system and other aircraft system components including Cooperative Engagement Capability, Pre-Planned Product Improvement, and Dual Transmit Satellite Communications that modernize the E-2 weapon system to maintain open ocean mission capability while providing the United States Navy with an effective littoral surveillance, battle management, and Theater Air and Missile Defense (TAMD) capability. The FY 2013 development effort will focus on Counter Electronic Attack capability which will allow the E-2D radar system to maintain performance in an advanced hostile intentional electromagnetic

interference environment. The E-2D CEA program will ensure E-2D effectiveness is maintained in an Electronic Attack environment supporting the NIFC-CA capability and overall Navy and Joint Integrated Air and Missile Defense strategy. Tactical Aircraft Directed Infrared Countermeasures continues to develop to provide the warfighter protection against surface and air-to-air missiles.

The Super Stallion CH-53E, the only heavy-lift helicopter specifically configured to support Marine Corps missions, entered the fleet in 1980. An improved CH-53K is required to support Marine Air-Ground Task Force heavy-lift requirements in the 21st century joint environment. A cross functional platform with a logistics and force application role, the CH-53K will conduct expeditionary heavy-lift transport of armored vehicles, equipment and personnel to support distributed operations deep inland from a sea-based center of operations. The system demonstration phase continues into FY 2013.

The V-XX Presidential Helicopter program in FY 2013 includes \$61 million for program definition of a follow-on program to replace the legacy VH-3 and VH-60 Presidential helicopters. Procurement and spares funding was added to the FYDP to support these legacy aircraft until they can be replaced with the next generation of the executive helicopter.

Weapons Programs

Figure 36 –Weapons Quantities

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FYDP
Ship Weapons							
TACTOM	196	196	196	196	196	196	980
SM6 (AUR)	89	94	115	157	168	204	738
RAM (AUR)	61	62	64	90	90	90	396
ESSM	35	37	53	104	162	157	513
TRIDENT II MODS	24	-	-	-	-	-	-
MK 48 HWT	58	94	112	123	40	50	419
MK 54 LWT	45	75	150	180	312	312	1,029
Aircraft Weapons							
AIM-9X	68	150	150	150	150	150	750
AMRAAM	67	67	105	113	120	120	525
JSOW C	246	280	370	435	436	444	1,965
AARGM	72	100	143	188	252	263	946
HELLFIRE*	426	1,210	1,004	351	665	675	3,905
SOPGM*	150	50	-	-	-	-	50
JAGM	-	-	-	-	-	-	-
SDB II	-	-	-	-	-	90	90
APKWS*	1,656	2,358	1,311	1,497	1,499	1,502	8,167
Total Weapons Quantities	3,193	4,773	3,773	3,584	4,090	4,253	20,473

*Includes Overseas Contingency Operations request of 212 Hellfire, 50 SOPGM, and 1,000 APKWS in FY 2013.

** FY 2012 is the last year of fully funded D5 missile but FY 2013 and beyond continues to procure various D5 components such as solid rocket motors which are necessary to support the OHIO class submarine till the 2040s.

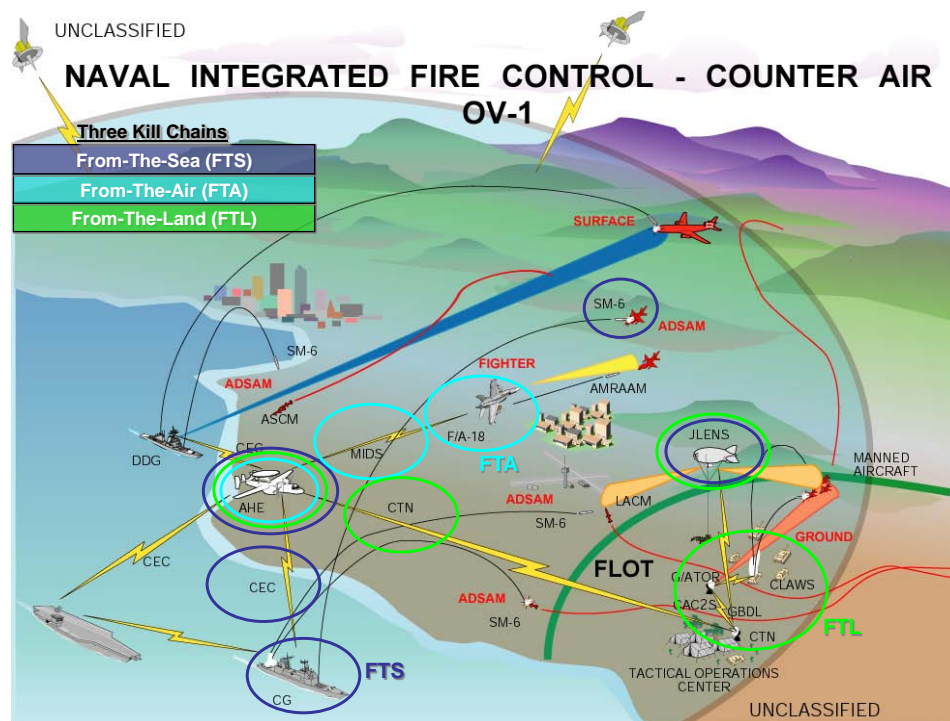
Ship Weapons

The Tactical Tomahawk missile provides a premier attack capability against long range, medium range, and tactical targets on land and can be launched from both surface ships and submarines. The Tomahawk program continues full rate production in FY 2013 at the minimum sustaining rate. By improving command and control systems, the Navy will maximize the flexibility and responsiveness inherent in the Tactical Tomahawk Weapons System.

The Standard Missile (SM) program replaces less effective, obsolete inventories with the more capable SM-6 Extended Range Active Missile. The SM-6 high speed/ high altitude missile program starts Full Rate Production in FY 2013. The SM-6 and its

associated Naval Integrated Fire Control - Counter Air will provide the capability to employ these missiles at their maximum kinematic range. NIFC-CA exploits capabilities inherent in existing systems, optimizes current and emerging technologies in component system upgrades, integrates them together, and performs kill chain tests, forming an interoperable System of Systems to maximize future air defense capabilities. The Department of Navy has focused on its efforts to integrate the From The Sea kill chain consisting of the E-2D Advanced Hawkeye, CEC, AEGIS, and SM-6 missile. Investments in advanced technology such as the SM-6 and its associated NIFC-CA capabilities will enable the Navy to keep pace with the evolving threat and thereby continue to maintain our conventional warfare edge.

Figure 37 –Naval Integrated Fire Control – Counter Air (NIFC-CA)



The Rolling Airframe Missile (RAM) is a high firepower, low cost, lightweight ship self-defense system designed to engage anti-ship cruise missiles and asymmetric threats. FY 2013 is the second year under Low Rate Initial Production for Block 2 missiles to bring greater capability to the fleet to include a more effective range and deliver a significant improvement in maneuverability.

The TRIDENT II D5 Submarine Launched Ballistic Missile provides a credible and affordable sea-based strategic deterrent that is survivable, safe, reliable and

compliant with all arms control agreements. While FY 2012 was the last year of procurement of the additional 108 missiles required to support the D5 life extension, in FY 2013 the Navy continues to procure various D5 components such as the Strategic Programs alteration kits for the guidance and missile electronics systems and solid rocket motors. Continued investment is required to ensure that all *Ohio* Class submarines will deploy fully loaded, while guaranteeing sufficient inventory exists for periodic required test launches into the 2040s. The D5 weapons system will also be the initial weapons system utilized by the Ohio Class Replacement.

The MK 48 Advanced Capability heavyweight torpedo is used solely by submarines and is employed as the primary anti-submarine warfare and anti-surface warfare weapon aboard attack, ballistic missile, and guided missile submarines. FY 2013 efforts will continue to focus on the Common Broadband Advanced Sonar System, as well as Guidance and Control modifications to the existing torpedo, optimizing the weapon for both deep and littoral waters and adding advanced counter-countermeasure capabilities.

The MK 54 lightweight torpedo is used to attack submarines from surface and airborne platforms and is the payload for the vertical launched anti-submarine rocket. The MK 54 lightweight torpedo uses existing torpedo hardware and software from the MK 46, MK 48, and MK 50 torpedo programs and adds state-of-the-art COTS digital signal-processing technology to provide improved performance against modern day threats. The Navy will continue development of a high altitude launch capability from a Maritime Patrol Aircraft in FY 2013.

Aircraft Weapons



Aircraft weapons in the force application capability portfolio arm the warfighter with lethal, interoperable, and cost effective weapons systems. The AIM-9X (Sidewinder) missile is a “launch-and-leave” air combat munition that employs passive infrared energy for acquisition and tracking of enemy aircraft. The continued procurement of the AIM-9X in FY 2013 enables the Department to maintain air superiority in the short-range air-to-air missile arena through the missile’s ability to counter current and emerging threats against enemies using infrared countermeasures. In FY 2011, the Navy entered into the first LRIP of the AIM-9X Block II missile and continues with the third LRIP in FY 2013.

Advanced Medium Range Air-to-Air Missile (AMRAAM) is a next-generation, all-weather, all-environment radar-guided missile that is designed to counter existing air vehicle threats having advanced electronic attack capabilities operating at high or low altitude. Upgrades to the AMRAAM incorporate an active radar in conjunction with an inertial reference unit and microcomputer system which makes the missile less dependent upon the aircraft fire control system. This advanced capability enables the pilot to aim and fire several missiles at multiple targets. In the FY 2013 President's Budget 2013, AMRAAM was rephased to ensure adequate time to complete testing while still allowing for an orderly production rate increase. .

The Joint Standoff Weapon (JSOW) is a 1,000-pound-class, air-to-ground weapon, which carries several different lethal packages. JSOW procurement in FY 2013 and beyond focuses on the "unitary" variant, which carries the Broach Lethal Package warhead system and provides a unique autonomous capability to engage and destroy a variety of point targets vulnerable to blast and fragmentation kill mechanisms.

The AGM-88E Advanced Anti-Radiation Guided Munition (AARGM) program upgrades the legacy AGM-88 High Speed Anti-Radiation Missile (HARM) with multi-mode guidance and targeting capability. The AARGM systems development and demonstration program will integrate multi-mode guidance (passive anti-radiation homing/active millimeter wave radar/global positioning system/inertial navigation system) on the HARM AGM-88 missile. After a full rate production decision in FY 2012, the Department will continue with its second year of full rate production in FY 2013.

The AGM-114 Hellfire is a family of laser guided missiles employed against point and moving targets by both rotary and fixed wing aircraft. The variants include shaped charge warheads for use against armored targets and blast fragmentation warheads for use against urban structures. The AGM-114N is a thermobaric blast fragmentation warhead that maintains the capability provided by the AGM-114M while adding a unique capability against confined compartmented spaces, a typical target type observed in current combat operations. The versatility of the Hellfire missile helps make it the "weapon of choice" in



overseas contingency operations. The Navy plans to procure 1210 Hellfire missiles in FY 2013.

The Department is continuing with the development of the Small Diameter Bomb (SDB) Increment II and associated tri-mode seeker technology. SDB II will be one of the key weapons systems deployed on JSF. Because of this continued investment in tri-mode seeker technology and fiscal constraints, the Department deemed it a manageable risk to terminate the Navy's and USMC's investment in the JAGM program.

Capitalizing on previous Army efforts and Congressional support, the first procurement of the Advanced Precision Kill Weapons System II (APKWS II) occurred in FY 2010. APKWS II provides a relatively inexpensive, small, lightweight, precision guided weapon that is effective against soft and lightly armored targets and which enhances crew survivability with increased standoff range. APKWS II offers precision, maximum kills per aircraft sortie, minimum potential for collateral damage, and increased effectiveness over legacy unguided rockets. After a full rate production decision in FY 2012, the Department will continue with its second year of full rate production in FY 2013.

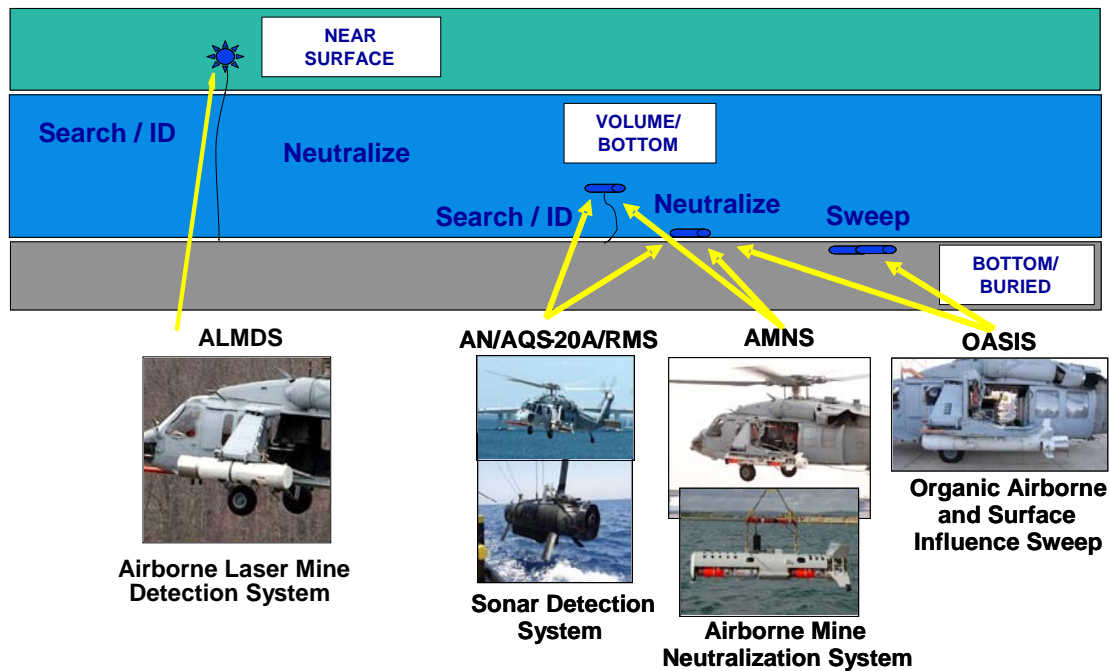
Stand-Off Precision Guided Munitions (SOPGM) weapons, Viper Strike and Griffin, are weapons included in the roll-on/roll-off KC-130J Intelligence, Surveillance and Reconnaissance Weapon Mission Kit USMC. The Viper Strike is a glide weapon with Global Positioning System/Inertial Navigation System (GPS/INS) navigation to the target vicinity and a semi-active laser (SAL) seeker used for terminal guidance to target impact. The Griffin is rocket propelled and similarly uses GPS/INS to navigate to the target vicinity and a SAL seeker for terminal guidance. In FY 2013 the Department is requesting OCO funds to replace 50 Griffin combat expenditures.

MINE WARFARE

Mines remain a significant asymmetrical threat presenting anti-access challenges that can disrupt our ability to execute our mission. Sea mines can prevent access to naval and commercial vessels, negate our maritime capability advantages and disrupt or slow operations in the littorals. The FY 2013 Mine Countermeasure Master Plan ensures that sufficient quantities of mission packages will be procured to successfully prosecute major combat operations. Research and development efforts remain on track to deliver the mine countermeasures capability to LCS, and to continue to advance the mine countermeasures roadmap through the sustained

development and application of new technologies. Figure 38 displays Mine Warfare efforts included in the FY 2013 budget.

Figure 38 – Mine Warfare



Major Programs

The Organic Airborne Mine Countermeasures program continues development of four systems for the LCS Mine Countermeasures (MCM) mission package. The Organic Airborne and Surface Influence Sweep (OASIS) deployed from the MH-60S platform provides a rapid response sweeping capability against bottom and moored acoustic and magnetic or combination acoustic/magnetic influence mines. Also employed from the MH-60S, the Airborne Laser Mine Detection System (ALMDS) uses a laser imaging detection and ranging blue-green laser to detect, localize and classify near surface, moored sea mines. The AN/AQS-20 is an underwater towed mine hunting sonar system used to detect, classify, and identify moored and bottom mines. The Airborne Mine Neutralization System (AMNS) is a mine neutralizing wire-guided munition. The Remote Mine Hunting System (RMS), used on LCS, uses a robust unmanned, semi-submersible, semi-autonomous vehicle that can be adapted to a broad spectrum of applications and missions, including towing variable-depth sensors to detect, localize, classify and identify undersea threats at a safe distance from friendly ships. The Remote Multi-Mission Vehicle provides all-

weather, low-observable operations, high endurance, interchangeable mission system electronics, and real-time data transfer capability.

The FY 2013 budget continues to support the Coastal Battlefield Reconnaissance and Analysis (COBRA) system, the Intelligence, Surveillance, Reconnaissance/Targeting part of the Assault Breaching System. The COBRA system will be a modular payload architecture, integrated onto the MQ-8C Fire Scout VTUAV which will serve as the assault breaching detection system within the LCS MCM mission package.

NETWORKS AND C4I PROGRAMS



The Navy's Command, Control, Communication, Computers, and Intelligence (C4I) programs are the backbone of naval combat capability. In concert with C4I, cyberspace capabilities are critical to achieving DON objectives in every warfighting domain and enterprise business model. The Department of Defense is undergoing a significant transformation in

organization, structure, and alignment to enable the full range of operations in cyberspace. The associated cyberspace mission areas of computer network operations and Information Assurance will be enabled by common technologies and must be highly synchronized. DON is reducing information technology (IT) infrastructure cost and cyber vulnerabilities by consolidating Enterprise IT contracts and data centers, as well as improving IT governance.

Figure 39 displays major C4I programs included in the FY 2013 budget by their capability area.

Figure 39 – Major C4I Programs

Major C4I Programs (Dollars in Millions)			
Capability Area / Program	FY 2011	FY 2012	FY 2013
NGEN / CoSC (<i>Note 1</i>)	\$1,814	\$1,512	\$1,688
CANES	\$65	\$200	\$438
JTRS	\$609	\$676	\$341
NMT	\$111	\$127	\$218
MUOS	\$894	\$482	\$167
G/ATOR	\$58	\$113	\$168
CAC2S	\$82	\$54	\$83
GCSS-MC	\$137	\$92	\$104

Note 1: Programs (with the exception of NGEN/CoSC) include investment and R&D funding only.

Continuity of Service Contract (CoSC) is the DON's shore-based enterprise network. The DON awarded the CoSC which began on 1 October 2010, to maintain the existing Navy Marine Corps Intranet (NMCI) network services and provide for the necessary transition support for migration to NGEN.

CoSC provides a NMCI-like single, integrated, secure Information Technology (IT) environment for reliable, stable information transfer and is a bridge contract to NGEN. CoSC represents about 70 percent of all DON IT operations and is second only to the internet in size.

The Next Generation Enterprise Network (NGEN) will improve upon the successes of NMCI. A significant distinction is that NGEN will ultimately be government managed and controlled. NGEN management will be more centralized to support the computing demands of the DON enterprise, and fully aligned with and supported by the respective Navy and Marine Corps network operation commands. NGEN will support net-centric operations and position the DON for transition to the Naval Networking Environment (NNE) vision for FY 2016. NGEN forms the foundation for the NNE, and will be interoperable with, and leverage, other DoD-provided Net-Centric Enterprise Services.

The FY 2013 budget supports the CoSC and NGEN program. The CoSC will provide for a phased buyback of select computing assets, intellectual property, and infrastructure (hardware/software) for the Navy. Also included are personnel to support command and control network operations, network defense, and security.

The Consolidated Afloat Networks and Enterprise Services (CANES) program provides Navy ships and submarines with reliable, high speed local area networks at all classification levels. CANES modernizes existing afloat networks and provides the necessary infrastructure for tactical applications, systems and services to operate in the tactical domain.



FY 2013 investment funds are for procurement of 22 units, one unit of technical training equipment (TTE), integration, associated costs for pre-installation design and activity drawings, and installation for 20 afloat units and one TTE unit. In addition, funds are for continued development on Platform Set 3 and 4 baselines, Developmental Testing and Initial Operational Testing & Evaluation on a unit level platform in support of Full Deployment Decision in FY 2013.

The FY 2013 budget continues to fund **Joint Tactical Radio System (JTRS)** development and procurement of multiple terminal programs. The JTRS program has evolved from separate radio replacement programs to an integrated effort to network multiple weapon system platforms and forward combat units where it matters most – the last tactical mile. The goal is to produce a family of interoperable, modular software-defined radios which operate as nodes in a network to ensure



secure wireless communication and networking services for mobile and fixed forces. FY 2013 funding continues research and development for the various JTRS systems and provides procurement of JTRS Handheld, Manpack and Small Form Fit radios and the Multifunctional Information Distribution System.

Navy Multiband Terminal (NMT) is the replacement for existing protected and wideband military SATCOM terminals. The program provides Navy units with the ability to access the next generation of military SATCOM satellites. The system also provides increased capacity, mitigates service denial in a jamming environment and supports execution of the Ballistic Missile Defense mission. The common suite of equipment simplifies logistics support while reducing the footprint of equipment on space constrained ships and submarines. FY 2013 funds will support procurement of 39 units and the installation of 53 units.

The advanced **Ultra High Frequency (UHF) Mobile User Objective System (MUOS)** development and procurement funding continues in the FY 2013 budget, supporting full operational capability in FY 2017. MUOS will provide the DoD's UHF satellite communication capability for the 21st century.

Marine Corps Radio and Switching Modernization: The FY 2013 budget allows the Marine Corps to continue to procure the latest state-of-the-art tactical radio systems to ensure its Marines have the necessary equipment to exercise command and control of units on a more dispersed battlefield. This budget allows the Marine Corps to continue to upgrade multi-channel radio systems with hardware and software that will increase bandwidth, reliability, and security for tactical command and control users. This budget also continues procurement of the Data Distribution System Modular (DDS-M), which provides Local Area Network/Wide Area Network capability and forms the data communication backbone for the MAGTF. Additionally, the Marine Corps will continue procurement of the Very Small Aperture Terminal system, a satellite communications system that has become a critical enabler in executing command and control of small units conducting distributed operations in OEF.

Marine Corps Command & Control Modernization: This budget funds procurement and R&D for three Command and Control systems (COC, GCSS-MC and CAC2S) which will provide improved command and control capability for the MAGTF. Continued modernization and upgrades to Combat Operations Center (COC) systems provide a critical, deployable, and adaptable command and control capability in the austere locations in which our expeditionary forces must operate. COC provides each element of the MAGTF with a deployable, self-contained, modular, scalable, and centralized center with the capacity to receive, transmit, and display digital, shared command and control/situational awareness data and provide the commander with an enhanced and integrated Common Operational Picture.

MARINE CORPS GROUND EQUIPMENT

The Marine Corps continues to balance its ground equipment procurement and system development efforts to ensure that Marines are supported in the current fight while simultaneously modernizing in preparation for future contingencies. It is imperative that our Nation retain a credible means of mitigating risk while we draw down both the capabilities and capacities of our forces--this is best done by forward deployed and positioned forces, trained to a high state of readiness, and on the



scene. Whether buying force protection and individual combat equipment for the individual Marine, continuing procurement of mature systems such as the Logistics Vehicle System Replacement, or continuing the research and acquisition of equipment in our ground tactical mobility portfolio, this budget ensures that Marines will have the equipment they need to conduct operations across the spectrum of warfare.

Major Procurement Programs

Counter Radio-Controlled Improvised Explosive Device Electronic Warfare (CREW): CREW systems are vehicle mounted, fixed-site, and man portable backpack active/reactive electronic countermeasure systems designed to counter high- and low-powered radio controlled improvised explosive devices (IEDs). The Marine Corps will procure JCREW 3.3 mounted systems which will be fielded to replace the CVRJ mounted systems currently employed in OEF and provide for the necessary capability upgrade required to meet evolving threats.

USMC High Mobility Artillery Rocket System (HIMARS): HIMARS is a C-130 transportable, wheeled, indirect fire, rocket/missile system capable of firing all rockets and missiles in the current and future Multiple Launch Rocket System Family of Munitions. HIMARS includes a launcher, two Re-Supply Systems (RSS), and munitions and provides the Marine Corps with 24-hour, ground-based, responsive General Support/General Support Reinforcing indirect fire systems. HIMARS is capable of accurately engage targets at long range (60+KM) with high volumes of lethal fire under all weather conditions and throughout all phases of combat operations ashore. This budget provides funding to continue the procurement Guided Multiple Launch Rocket System (GMLRS) rockets, Reduced Range Practice Rockets, RSS upgrades, and Army-provided program management and engineering support.

Light Armored Vehicle (LAV-25): This budget continues procurement of replacement of LAV-25 vehicles to ensure the USMC Light Armored Reconnaissance battalions have adequate numbers of LAVs for continued combat operations in OEF. The FY13 budget also provides funding for the procurement of additional vehicles as the Marine Corps continues to bring the Family of LAVs to its current Authorized Acquisition Objective.

Major RDT&E Programs

Amphibious Combat Vehicle (ACV): The Marine Corps is conducting an ACV Analysis of Alternatives (AoA) to determine a cost and operationally effective solution for the replacement of the legacy Amphibious Assault Vehicle. The ACV program will deliver a materiel solution to provide the Marine Corps with highly mobile and survivable amphibious armored personnel carriers capable of operating effectively across the range of military operations. Amphibious forces, a combination of Marine Air Ground Task Forces (MAGTF) and Navy amphibious ships, remain a uniquely critical and capable component of both crisis response and meeting our maritime responsibilities. Operating as a team, amphibious forces provide operational reach and agility, and they “buy time” and decision space for our national leaders in time of crisis. The ACV is an integral part of the Marine Corps’ combat vehicle portfolio, and together with the Marine Personnel Carrier and other complementary vehicles both in the inventory and in development, the ACV will provide the ground mobility needed to meet operational requirements. The ACV acquisition strategy will leverage mature technologies gained during the development of the Expeditionary Fighting Vehicle in order to develop an affordable and capable vehicle. This budget supports the ACV AoA and supporting analyses as well as technology integration and demonstration designed to reduce developmental risk, control cost and deliver an effective solution.

Ground/Air Task Oriented Radar (G/ATOR): G/ATOR, formerly known as the Multi-Role Radar System (MRRS), is an expeditionary, 3-dimensional, short/medium range multi-role radar designed to detect cruise missiles, air breathing targets, rockets, mortars, and artillery. MRRS and GWLR (Ground Weapons Locating Radar) merged into a single requirement/capability (G/ATOR) and will replace an aging fleet of single mission legacy radar systems. G/ATOR will support air defense, air surveillance, counter-battery/target acquisition, and aviation radar tactical enhancements; the final evolution will also support the Marine Corps’ air traffic control mission. RDT&E funding for G/ATOR enables the Marine Corps to finish Developmental Test 1B (DT1B) and provide support for the conduct of the G/ATOR Operational Assessment (OA). Additionally, funding is budgeted to provide hardware and software support to implement changes as a result of DT1B and OA testing, assist in the development of program documentation in support of Milestone C, as well as continue to assist in the development of a Low Rate Initial Production (LRIP) configuration in support of transition to LRIP. In addition to RDT&E funding for G/ATOR, this budget includes procurement funding which

supports production of two G/ATOR systems and the refurbishment of one G/ATOR Engineering Development Model.

Joint Light Tactical Vehicle (JLTV): This budget supports the development and testing of the JLTV Family of Vehicles (FOV), which is a joint program between the Army and the Marine Corps. JLTV program objectives are to restore the mobility and payload of the original High Mobility Multi-Wheeled Vehicle to the future light tactical vehicle fleet while providing increased modular protection within the weight constraints of the expeditionary force. The JLTV program strives to minimize ownership costs by maximizing commonality, reliability, and fuel efficiency, while achieving additional savings through effective competition in all stages of program execution. JLTV configurations will be derived from two basic vehicle variants, the Combat Tactical Vehicle and the Combat Support Vehicle. The commonality of components, maintenance procedures, and training among all configurations will minimize total ownership costs. Funding for major activities in this budget includes completion of Engineering and Manufacturing Development Phase prototype fabrication, delivery of prototypes, vendor shakedown testing, Government Test Readiness Review, and initiation of Government performance testing.

Marine Personnel Carrier (MPC): MPC supports expeditionary protected mobility requirements by enhancing Marine operating forces' tactical and operational mobility with balanced levels of performance, protection, and payload. MPC is part of a portfolio of capabilities which address real world operational gaps and shortfalls in the ability of the MAGTF to conduct ground based maneuver tasks. The MPC, as the medium capability category platform in the portfolio, provides a complimentary capability to the ACV to meet mounted mobility requirements. The MPC FOV is planned to include a baseline armored personnel carrier and two supporting mission role variants: a command and control variant and a recovery and maintenance variant. This budget provides funding to perform swim, blast, and payload analyses and for continued development of the necessary digital backbone and architecture, maintenance of the MPC-Technology Demonstrator, documentation support for AoA update, and preparation for Milestone B. This funding also enables the completion of the Remote Weapon Station demonstration and Government Furnished Equipment selection and packaging.

Assault Amphibious Vehicle (AAV): The AAV upgrade program integrates survivability upgrades into the AAV FOV. This capabilities-based upgrade program is centered on increasing force protection and vehicle survivability levels in order to sustain operations ashore against current threats; this will extend the AAV's service

life until replaced by the Amphibious Combat Vehicle. These survivability upgrades include items such as blast mitigating seats, belly armor, spall liner, deck liner, and external fuel tank. This budget also continues AAV capability improvements to areas such as mobility, lethality, C4I/situational awareness, and crew environment/habitability.

RESEARCH AND DEVELOPMENT SUPPORT

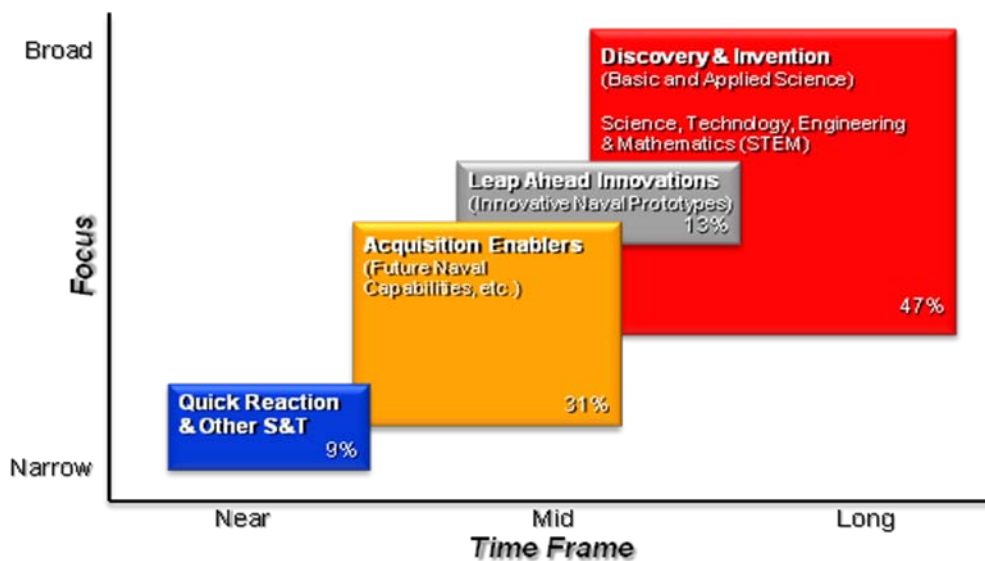
The Department of the Navy's Research, Development, Test and Evaluation (RDT&E) program supports the Department's vision for future capabilities in science & technology, shipbuilding, aviation, weapons, and command and control. This section focuses on the Navy's Science and Technology (S&T) efforts.

Science and Technology

The FY 2013 budget requests \$2.0 billion for the S&T program. The FY 2013 S&T budget request supports the Naval S&T Strategic Plan which was approved by the Department of the Navy's S&T Corporate Board and updated in September 2011.

Figure 40 displays the percentage of investments being made by the Department of the Navy in S&T and supporting programs

Figure 40 – Department of the Navy Investment Portfolio



Discovery & Invention (D&I): This area consists of basic research and the early stages of applied research. D&I is the genesis of future naval technologies and systems. It provides technology options, maintains S&T capacity vital to naval interests, and is an important component in the development of the next generation of the S&T workforce.

Acquisition Enablers: This portion of the S&T portfolio is focused on Future Naval Capabilities (FNCs) and the transition of advanced technologies to acquisition programs of record and to the Fleet. These efforts translate maturing technology into requirements-driven products in the late stages of applied research and advanced technology development. In addition to the FNCs, Small Business Innovation Research, and Manufacturing Technology programs are used to foster other aspects critical to naval acquisition program success. Recent examples of technologies that have transitioned include Service Oriented Architecture (SOA) infrastructure and algorithms for integration into CANES, affordable autonomous mine neutralization system for very shallow water MCM, and multi-band sonar and geo-registered navigation to improve Lightweight Torpedo performance against low-Doppler and countered targets in shallow water.

Leap Ahead Innovations: Innovative Naval Prototypes (INP) and Swamp Works projects comprise the bulk of the S&T investment in the Leap Ahead Innovation portfolio. INP programs develop and integrate technologies that can change the way naval forces operate and fight. Programs in this category may be disruptive technologies that enable the Navy to evaluate high risk concepts of operations without placing existing acquisition programs at risk of schedule delays or funding overruns. Swamp Works programs, are smaller than INPs and are intended to produce results in one to three years.

Quick Reaction and Other programs: This portion of the portfolio includes quick-reaction projects such as Rapid Technology Transition, Technology Solutions and Experimentation, which are responsive to immediate needs identified by the Fleet, operating forces, or Navy leadership. These programs address urgent needs identified by the fleet with research that provides an S&T solution that meets or exceeds the need, with short-term programs and rapid solutions.

The FY 2013 budget includes \$26.5 million for development of "Speed to Fleet" (S2F) initiatives. S2F is a concept to accelerate insertion of maturing technologies into the Fleet to address critical naval needs via the transition of prototype S&T products from Advanced Technology Demonstration to Research and Development Advanced Component Development and Prototypes to mature technologies and

enable demonstrations in relevant operational environments. Examples of S2F initiatives included in the budget are Airborne EW, Phased Array COMSEC, and Persistent Littoral Undersea Surveillance.

Figure 41 provides Navy RDT&E summary data at the budget activity level.

Figure 41 – DON RDT&E Activities

(Dollars in Millions)

RDT&E,N Activities	FY 2011	FY 2012	FY 2013
Science and Technology	\$2,012	\$2,120	\$1,980
Basic Research	\$539	\$605	\$605
Applied Research	\$704	\$823	\$790
Advanced Technology Development	\$769	\$692	\$584
Advanced Component Development	\$3,972	\$4,432	\$4,335
System Development and Demonstration	\$6,310	\$6,274	\$5,747
RDT&E Management Support	\$1,180	\$839	\$845
Operational Systems Development	\$4,392	\$4,128	\$3,976
Total RDT&E,N	\$17,866	\$17,793	\$16,883



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SECTION VI – REVITALIZING THE FORCE ASHORE

Providing Sailors, Marines, and the Department's civilians with high quality facilities, information technology, and an environment to achieve their goals is fundamental to mission accomplishment. The ability to project power through forward deployed naval forces relies heavily on a strong and efficient shore infrastructure.



MILITARY CONSTRUCTION

Key tenets in the Department's facilities investment strategy include:

- Improving Quality of Life
- Enhancing the Global Defense Posture
- Replacing Aging Facilities
- Supporting New Systems
- Upgrading Operations, Training and Security Facilities
- Ballistic Missile Defense
- Nuclear Weapons Security

The FY 2013 budget request achieves the Department's key goals, financing 65 military construction projects. Of these: 28 are for the active Navy and 32 for the active Marine Corps, 2 for the Navy Reserve Component and 3 for the Marine Corps Reserve Component.

Figure 42 - Summary of MILCON Funding

Military Construction Summary (Active and Reserve)

(Dollars in Millions)	FY 2011	FY 2012*	FY 2013
Navy	991	1,085	954
Marine Corps	2,250	1,157	693
Planning and Design	122	87	105
TOTAL	\$3,363	\$2,329	\$1,752

*Includes Overseas Contingency Operations funding.

Improving Quality of Life

The Department continues to improve the quality of life for our Sailors and Marines. The FY 2013 program provides a total of \$216 million for quality of life initiatives. Projects include:

- BEQ, Homeport Ashore, Coronado, CA (\$76 million)
- BEQ, Training Barracks, Oceana, VA (\$39 million)
- BEQ, Yorktown, VA (\$18 million)
- BEQ NSA, Okinawa, (\$8 million)
- Fitness center, Dahlgren, VA (\$12 million)
- Training Battalion Mess Hall, Quantico, VA (\$13 million)
- Dining Facility, Meridian, MS (\$11 million)

Enhancing the Global Defense Posture - Defense Policy Review Initiative

The construction program supports improvements in the Navy's global defense posture.

Guam

As part of the Defense Policy Review Initiative, an international alliance to enhance the security environment was initiated whereby the United States and the Government of Japan signed an agreement for the relocation of U. S. Marines from Okinawa to Guam. As part of a cost-sharing arrangement, the Japanese government is providing funding to support the overall relocation effort. The FY 2013 military construction program on Guam takes into account ongoing supplemental environmental impact statements and focused construction at known enduring locations. Supporting the relocation effort in FY 2013, the Department's budget provides \$26 million for Guam construction as follows:

- AAFB North Ramp Parking (\$26 million)

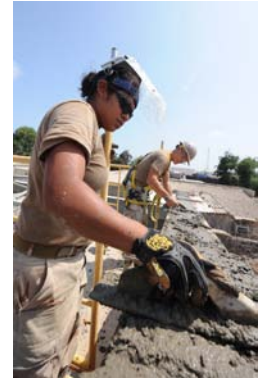
CENTCOM

The FY 2013 budget supports the requirements of the 5th Fleet in the CENTCOM Area of Operations (AOR). These projects enhance the safety, security and Quality of Life for our forward deployed Sailors and Marines. These projects include:

- Transient Quarters, NSA, Bahrain (\$42 million)
- Dining Facility, NSA, Bahrain (\$10 million)

AFRICOM

The Department of the Navy has been designated the Combatant Command Support Agent for Camp Lemonnier. This base provides vital support to the expanding mission in east Africa. These projects provide better command and control and upgrade the Quality of Life for our forward deployed service members.



- Horn of Africa Joint Operations Center, Camp Lemonnier, Djibouti (\$43 million)
- Fitness Center, Camp Lemonnier, Djibouti (\$27 million)
- Galley Addition and Warehouse, Camp Lemonnier, Djibouti (\$22 million)
- Containerized Living Units, Camp Lemonnier, Djibouti, (\$8 million)

Rota, Spain

The FY 2013 budget supports the new Defense Strategy priority of forward deploying Navy ships to provide Europe with Ballistic Missile Defense (BMD). These projects will support the basing of BMD capable ships at Rota to help defend our European partners.

- High Explosive Magazine, NAVSTA Rota, Spain (\$14 million)
- General Purpose Warehouse, NAVSTA Rota, Spain (\$3 million)

Facility Improvements

As facilities reach the end of their service life, they must be modernized or replaced. These projects, ensure environmental compliance, modernize research and testing facilities, enhance base infrastructure, and replace outdated facilities. Some examples include:

- Strategic Systems Evaluation Lab, Seal Beach, CA (\$31 million)
- Base Access and Road – Phase 3 MCB Lejeune, NC (\$41 million)
- Personnel Administrative Center, New River, NC (\$9 million)
- Recycling/Hazardous Waste Facility, MCAS Beaufort, SC (\$4 million)

Although the FY 2013 budget does not contain a construction project supporting the homeporting of a CVN in Mayport, FL, the Department is committed to the requirement and policy to strategically disperse CVNs on each coast. This is a deferral at this time due to fiscal constraints.

Supporting New Systems

As new systems are introduced into service, supporting facilities are required. These new systems include the MV-22, F-35 JSF, BAMS UAV, LCS, CVN-78 (13.8KV electrical power), and MH-60 rotary aircraft. Some associated military construction projects include:

- MV-22 Hangar and Infrastructure, Kaneohe, HI (\$83 million)
- LCS Training Facility, San Diego, CA (\$59 million)
- Drydock 8 Electrical Distribution Upgrades, NSS Norfolk, VA in support of CVN-78 (\$33 million)
- BAMS Mission Control Complex, Jacksonville, FL (\$22 million)
- Simulated LHD Flight Deck, MCAS Beaufort, SC, (\$13 million)
- H-60S Simulator Training Facility, Coronado, (\$2 million)

Operations, Training and Security Facilities

These projects range from communication operations centers to non-commissioned officer (NCO) training and base security upgrades. Some examples include:

- Communication Information Systems Ops Complex, MCB Pendleton, CA (\$79 million)
- Staff NCO Academy Facilities, MCB Lejeune, NC (\$29 million)
- Security Operations Complex, MCAS Yuma, AZ (\$13 million)
- Entry Control Point (Gate Five) MCRD San Diego, CA (\$12 million)

Ballistic Missile Defense

AEGIS ashore has been selected to provide traditional Ballistic Missile Defense. This project provides for the support facilities for an AEGIS ashore base. The operational facilities will be built concurrently by the Missile Defense Agency.

- AEGIS Ashore Missile Defense Complex, NSF, Romania (\$45 million)

Nuclear Weapons Security

The Navy has an ongoing program that enhances nuclear weapons handling and eliminates potential security vulnerabilities for nuclear weapons. Explosives Handling Wharf 2 at Kitsap, WA commenced in FY 2012 and is incrementally

funded across four years as approved by the Office of Management and Budget (OMB). This project provides a facility for the safe and secure load and offload of weapons in support of deployments, testing and training exercises.

- Explosives Handling Wharf 2, Kitsap, WA (\$280 million)

FAMILY HOUSING



The Department continues its reliance on the private sector as the primary source of housing for Sailors, Marines, and their families. The family housing budget includes the operation, maintenance, and recapitalization of the family housing units remaining in the Department's inventory of government-owned housing. The

budget request represents the funding level necessary to ensure government-owned housing remains adequate for Sailors, Marines, and their families.

To date, the Department has awarded 38 military family housing privatization projects totaling over 63,000 homes for Sailors, Marines, and their families. Over 90 percent of Navy and Marine Corps family housing has been privatized. As a result of these projects, almost \$9 billion has been invested through the privatization program for the construction of new housing and the replacement or renovation of existing housing. The Department has contributed approximately \$1 billion towards this initiative, thus leveraging its resources by nine to one. Furthermore, the Department's approach to privatization will ensure that quality of the privatized housing is sustained over the long term.

The Navy's FY 2013 Family Housing construction budget does not contain any new construction funding; however, \$82 million is budgeted in post-acquisition construction for the improvement and repair of 144 homes and apartment units located overseas in Japan (69) and Guam (75). The post-acquisition construction program also includes \$28 million in direct funding (in conjunction with the proposed use of proceeds in the Department of Defense Family Housing Improvement Fund) for the second phase of privatization of Navy family housing in the Pacific Northwest's Jackson Park neighborhood involving 870 units. The Navy's

budget also includes \$349 million for the operation, maintenance and leasing of approximately 12,600 units located worldwide.

The Marine Corps FY 2013 request for post-acquisition construction includes \$20 million for the improvement and repair of 44 family housing units and ancillary supporting facilities located at Marine Corps Air Station, Iwakuni, Japan. The Marine Corps' budget also includes \$29 million for the operation, maintenance and leasing of approximately 1,100 units located worldwide.

Figure 43 - Family Housing Units

Number of Family Housing Units				
	FY 2011	FY 2012	FY 2013	
New construction projects	1	0	0	
New construction units	71	0	0	
New privatization projects/units	2/ 324	0	1/870	
Housing inventory (owned)	10,846	10,677	9,667	

FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

Continued investment in Facility Sustainment, Restoration and Modernization (FSRM) is necessary to maintain our inventory of installations supporting required capabilities from the National Security Strategy. The FSRM program ensures our current inventory of facilities is maintained in good working order, while preventing premature degradation of facility condition.

Facility Sustainment

DoD develops its annual facilities sustainment requirement using an empirical model called the Facility Sustainment Model (FSM). The model takes into account facility type/use, industry metrics for similar facilities, geographic location, and economic indicators, as well as a number of other factors. Our inventory of facilities continues to be further updated to provide a more accurate account of the quantity, condition, and



configuration of the Navy's shore infrastructure. The FY 2013 budget continues to fund Navy facility sustainment at a rate of 80 percent of the DoD-modeled value. Active management of the Navy's unique portfolio of infrastructure focused on flexible, tailored responses to priority needs is a sound approach to facilities management that yields comparable results. Marine Corps sustainment remains at 90 percent to reflect requirements at their older land bases, while properly anticipating increased FSM requirements for recently completed warfighting and support infrastructure.

Facility Restoration and Modernization

The DoD references an industry-based facility investment model to keep facility inventory at an acceptable level of quantity and quality through life-cycle maintenance, repair, and disposal. Facility recapitalization occurs through restoration or modernization of aged and sub-optimally performing facilities. DoD's empirical based Facility Modernization Model measures recapitalization rate as a "percentage" of model requirement. DoD has not established a goal for this model. Figure 43 displays the funding applied to restoration and modernization efforts. The Navy has increased its investment in recapitalization of permanent party barracks across the FYDP and beyond, directly supporting the goal of 90% of barracks inventory in a good or fair condition (Q1/Q2) and thereby improving quality of life for our sailors. The Navy has also budgeted funds to begin a fleet-wide building consolidation initiative aimed at effectively and efficiently configuring installations while also reducing the overall DoN facility inventory. As of December 2012, the Navy has been designated as the CCSA for Camp Lemonnier, Djibouti. Given the importance of this strategic location, enduring Base Operating Support and FSRM requirements and approximately \$200M in funding for Camp Lemonnier have been transferred from OCO into the FY2013 baseline budget.



Navy Marine Corps continues energy-related renovations and facility retrofits to achieve compliance with Energy Independence and Security Act and other DON energy initiatives. Efforts include utility metering enhancements, replacement of Heating, Ventilation, and Air Conditioning systems with more energy efficient units, and building envelope repairs that reduce

energy consumption. The Restoration and Modernization (R&M) investments include operation & maintenance, NWCF, OCO funds, and a restoration component of Navy MILCON.

Figure 44 summarizes the Department's FSRM program.

Figure 44 - Facility Sustainment, Restoration, and Modernization

<i>(In Millions of Dollars)</i>	FY2011	FY2012	FY2013
<u>Facility Sustainment Funding</u>			
Navy	\$1,793	\$1,417	\$1,468
Marine Corps	\$647	\$566	\$586
Total DON Facility Sustainment (all Appropriations)	\$2,440	\$1,983	\$2,054
<u>Annual Unfunded Sustainment</u>			
Navy	\$0	\$335	\$372
% of Model Funded*	100%	81%	80%
Marine	\$0	\$68	\$71
% of Model Funded	107%	90%	90%
Total DON Unfunded Sustainment	\$0	\$403	\$443
* Navy % model funded in FY11 results from reallocation of demolition and other sources following the extended Continuing Resolution.			
<u>Restoration and Modernization (RM) Funding (O&M only)</u>			
Navy	\$496	\$630	\$631
Marine Corps	\$64	\$254	\$235
Total DON R&M (All appropriations)	\$560	\$884	\$866

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances Department of the Navy activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF support organizations. Customers send funded orders to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers, who in turn authorize payment. Unlike for-profit commercial businesses, NWCF activities strive to break even over the budget cycle.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Research and Development, Base Support and Transportation. The wide range of goods and services provided by NWCF activities are crucial to the DON's conventional and irregular warfare capabilities as well as its ongoing roles in

Overseas Contingency Operations. The value of goods and services provided by NWCF activities in FY 2013 is projected to be approximately \$29 billion.

The FY 2013 budget estimates build on savings initiatives implemented in FY 2012 and incorporate additional business process improvements such as data center consolidation, whereby the Navy will reduce the number of data centers, thereby eliminating redundant and underutilized resources. The cumulative effect of all cost saving reductions through FY 2013 is approximately \$320 million.

Supply Management

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element assuring DON and Department of Defense operating forces and their equipment have the necessary supplies, spare parts, and



components to conduct OCO engagements, various types of training, and any potential contingency. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery elements.

FY 2013 budget estimates reflect the impact of a number of cost and overhead reduction initiatives such as the reduction of supply related information technology and inventory costs through the use of Navy Enterprise Resource Planning (ERP). Further, during this period, changes and emergent requirements in the F/A-18 program necessitated adjustments in the Navy Supply budget estimates. Revised projections are driven primarily by pipeline optimization for high-priority repairables, Flight Control Surface life limit reductions, and Outer Wing Panels' revised inspection criteria for stress corrosion cracking. Both Navy and Marine Corps Supply budget estimates balance cost reduction efforts with global operational requirements, while accounting for lead time and OPTEMPO in support of warfighting units.

Depot Maintenance



The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely updates of the right types and quantities of weapons systems and support equipment. As a result, deployed and soon-to-deploy units have the battle-ready items they need to fight and win ongoing OCO engagements and potential confrontations. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.

The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs overhaul and repair a wide range of equipment and components. Contractors are used to supplement the organic workforce during workload peaks.

Workload related to the OCO efforts at the Marine Corps Depots includes repairs and upgrades to vehicles in-theater as well as at the depots. Current workload projections include the repair of combat-damaged equipment and weapons systems returning from Operation Enduring Freedom as well as armor and ballistic protection upgrades and repairs to counterintelligence equipment. A Marine Corps validation of vehicle maintenance requirements resulted in a decrease in projected workload in FY 2013. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations.

Research and Development

Research and Development (R&D) includes the Warfare Centers and the Naval Research Laboratory. R&D activities are very heavily involved in the development, engineering, acquisition and in-service support of weapons systems and equipment for the air, land, sea, and space operating environments. These efforts are key to the success of DON and DoD operations now and in the future. Other areas where the R&D activities make major contributions are battle-space awareness, net-centric operations (connectivity and



interoperability), and command and control. Their contributions are evidenced through their research, engineering and testing efforts in the fields of space, aerial, surface and sub-surface sensors, communications systems, multi-media data fusion, and battle management systems. R&D activities continue to implement improvements and greater standardization thereby contributing to the progression of overall acquisition process and execution improvements.

Certain R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces. Workload at R&D activities remains robust and relatively constant between FY 2011 and FY 2013, at approximately \$13 billion annually.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of systems that connect different platforms
- Naval Air Warfare Center provides support for carrier and land-based aircraft, engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the DON's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.

Base Support

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC). The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas, vehicle and equipment services, facility support contracting oversight, and building/facilities sustainment and

recapitalization services. In order to achieve facility energy and utility distribution system efficiencies and reduce the DON's overall energy consumption levels, the FECs will continue to implement steam plant production and distribution improvements, chiller plant replacements with high efficiency systems, and installation of network wide digital control and monitoring systems. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment and shore, and ocean and waterfront facilities. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing is also performed by this group.

Transportation

While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services.

Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the fleets, Naval Sea Systems Command, and Space and Naval Warfare Systems Command. The five programs budgeted by MSC through the NWCF are: 1) Combat Logistics Force , which provides support using civilian mariner manned non-combatant ships for underway material support; 2) Service Support, which provides support using civilian mariner manned non-combatant ships with towing, rescue and salvage, submarine support and cable laying and repair services, as well as a command and control platform and floating medical facilities; 3) Special Mission Ships, which provide unique seagoing contract-operated platforms in the areas of oceanographic and hydrographic surveys, underwater surveillance, missile tracking, acoustic surveys, and submarine and special warfare support and contracted harbor tugs; 4) Afloat Prepositioning Force Navy, which deploys advance material for strategic lift in support of the Marine Expeditionary Forces; and 5) Joint High Speed Vessels , which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.



Activation changes in FY 2013 are for three JHSVs and one T-AGM.

NWCF Cash

The DoN's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate for two fiscal years plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (e.g., payroll disbursements based on payroll periods, timing of major disbursements including capital purchases, vendor payments within and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance fluctuates primarily from the return of excess accumulated operating results for prior year gains/losses and the transition to Navy ERP.

Figure 45 - Summary of NWCF Costs

COST (In Millions of Dollars)	FY 2011	FY 2012	FY 2013
Supply (Obligations)	6,687	7,058	6,951
Depot Maintenance - Aircraft	2,126	2,217	2,154
Depot Maintenance - Ships	7	0	0
Depot Maintenance - Marine Corps	623	502	346
Transportation	2,765	2,911	2,827
Research and Development	13,031	13,136	13,216
Base Support	3,074	3,126	3,171
TOTAL	\$28,312	\$28,950	\$28,665

CAPITAL INVESTMENT	FY 2011	FY 2012	FY 2013
Supply	7	6	4
Depot Maintenance - Aircraft	41	46	42
Depot Maintenance - Marine Corps	11	11	10
Transportation	12	20	22
Research and Development	126	122	123
Base Support	16	22	18
TOTAL	\$213	\$226	\$219

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SECTION VII – DRIVING INNOVATIVE ENTERPRISE TRANSFORMATION

The Department of the Navy continues its commitment to building a performance based culture and has actively developed process improvements to improve and measure performance. Working in cooperation with the DoD enterprise, we will continue to improve performance measurement and budget reporting and to strengthen links between performance and budget. DON successes as well as major ongoing initiatives are addressed in this section.

BUSINESS TRANSFORMATION

The Department of the Navy continues to develop its vision for Business Transformation. Because of the size and complexity of DON's business operations it is imperative that the Navy-Marine Corps team continues to change its business practices to be more agile, efficient, and increasingly responsive to the warfighter.

In these times of fiscal constraint, the DON is challenged to make necessary investments in future capabilities while sustaining current warfighting effectiveness. As part of a strategy to achieve these competing ends, the DON has adopted business transformation policy designed to:

- Employ business process change to create more effective operations at reduced costs.
- Exploit process improvements, technology enhancements, and an effective human capital strategy to ensure continued mission superiority.

DON business process improvement involves executing, aligning and integrating a series of enterprise-wide initiatives which will dramatically transform our ability to execute programs and support our mission. The result will be improved efficiency, better decision-making, and an organizational culture that is performance-based. Collectively, these initiatives will create an environment that produces more accurate and timely business information and will, over time, be endorsed by a favorable third party financial audit. The specific initiatives are described below.

Navy Enterprise Resource Planning (ERP): The Navy ERP program was created to modernize, streamline and standardize how the Navy manages people, money, programs, equipment and supplies. Navy ERP combines Business Process Reengineering (BPR) and industry best practices, supported by commercial off-the-shelf software, and integrates all facets of Navy business operations, using a single database to manage shared common data. The program enables DON compliance with the Chief Financial Officers Act of 1990 and the DoD Information Assurance Certification and Accreditation Process.

Additional benefits of the program include the delivery of transparent and timely financial information improving decision making and reducing business operating costs. Standardizing and automating key business practices across the DON will create efficiencies, reduce the cost of business and enable easier career mobility within the workforce. Cost savings will be realized by the retirement of redundant, stove-pipe, legacy IT systems, a reduction in supply inventories due to improved inventory management and visibility, and increased business process efficiencies.

The Department has roughly 66,000 users currently in Navy ERP. The deployment of the Office of Naval Research and Strategic Systems Programs will increase the amount of users to over 72,000, executing approximately 50% of DON TOA.

Financial Improvement Program (FIP): The DON continues to make significant progress with its FIP. The goal of FIP is to enhance the effectiveness of Navy-Marine Corps business processes and the systems supporting the processes; establish a DON-wide regime of key internal controls over the processes and systems; and to ensure that the controls are periodically tested and deemed effective. The FIP process will lead to higher quality business data which is accurate, reliable, accessible, and complete. The results will be a stable business environment which can maintain the confidence of Congress and the taxpayer, and one which can ultimately achieve uniformly positive audit results. FIP primary achievements include:

- 1) Working with the Department of Defense in readying business areas for audit in concert with the Financial Improvement and Audit Readiness (FIAR) efforts which include (a) asserting Wave 1: Appropriations Received as audit ready and achieving an unqualified opinion on the DON's Appropriation Received assessable unit; (b) asserting the DON's Major Defense Acquisition Program (MDAP) E-2D Advanced Hawkeye Program as ready for audit and beginning an examination of MDAP by

having an Independent Public Accountant (IPA) attest to its audit readiness; (c) asserting the audit readiness related to Existence, Completeness, and Rights (EC&R) of the DON's ships, satellites, and Trident missiles. The DODIG has provided a positive opinion on this assessable unit and the DON will soon bring an IPA in to attest to its audit readiness; and (d) finalizing its assertion packages for EC&R of uninstalled aircraft engines and Navy boats.

2) Further refining its FIP methodology to implement a sustainable, repeatable, traceable, and supportable FIP program and financial processes that can be implemented by all Commands. This was done by implementing the "Top Down, Risk Based" approach to audit readiness. The DON also released a comprehensive Integrated Plan of Actions and Milestones to guide its audit readiness efforts over the DON's General Funds Statement of Budgetary Resources (SBR).

3) Based on Congressional Action and the Secretary of Defense's instruction, setting a new goal to achieve audit readiness of the DON-wide SBR by September 30, 2014. In order to this, the DON has made significant investments in time and effort to revamp its FIP/FIAR program by adding civilian resources dedicated to the program as well as on-boarding a new contract team to provide support. Doing this, as well as achieving the aforementioned accomplishments, helps the DON in furthering its goals of audit readiness by its milestone dates.




The DON FIP, in concert with the continuing roll-out of Navy ERP and other enterprise business initiatives, will transform the Department's business environment into a "best practices" auditable end-state. This transformed environment will be both transparent and accountable to the DON's stakeholders—the Department of Defense, Congress, and the American taxpayer.

DON OBJECTIVES AND PERFORMANCE METRICS

The Department of the Navy FY 2013 performance metrics use risk categories that have been employed since 2001. The framework is as follows:

Operational Risk – Goals for minimizing operational risk include ensuring force availability, maintaining force readiness, shaping force posture and linking contingency planning to capabilities and resources.



Force Management Risk – Goals related to this category include maintaining a quality force, ensuring sustainable military tempo and workforce satisfaction, maintaining reasonable force costs and shaping the force for the future.

Future Challenges Risk – Goals to minimize future challenges risk include driving innovative joint operations, defining human capital skills and competencies, developing more effective organizations and dividing and developing transformation capabilities.

Institutional Risk – Institutionalizing capabilities based planning, improving financial management, and driving acquisition excellence; improving the readiness and quality of key facilities, managing overhead/indirect cost and realigning support to the warfighter are goals affecting institutional risk.

Throughout this overview book, we have addressed our metrics as well as the Department of the Navy goals and objectives. Many of these metrics are also contained in budget justification materials supporting our budget request.

Figure 45 which follows provides page references to the performance information contained in this document supporting current DON objectives and the FY 2013 budget submission.

Figure 46 – Objective and Performance Metrics

Risk Category	Performance Metrics	Page #
Operational Risk	Number of Deployed Marines	1-10
	Ships Deployed	1-10
	Ships Underway	1-10
	Active/Reserve Navy/Marine Corps Strength	1-10
	OCO Request	2-6
	Battle Force Ships	4-4
	Active Steaming Days Per Quarter	4-6
	Surge Sealift Ships and Capacity	4-7
	Prepositioning Ships and Capacity	4-7
	Reserve Battle Force Ships	4-22
	Reserve Steaming Days Per Quarter	4-21
	Ship Maintenance % Requirement Funded	4-11, 4-22
	Deferred Ship Maintenance	4-11
	Active Air Wings	4-13
	Active Primary Authorized Aircraft (PAA)	4-13
	Active Flying Hours T-Rating	4-14
	Airframe Availability/PAA	4-16, 4-25
	Aircraft Engine Bare Firewalls	4-16, 4-25
	Aircraft Engine Spares Ready-to-Issue	4-16, 4-25
	Reserve Air Wings	4-23
	Reserve Flying Hours T-Rating	4-24
	Reserve Primary Authorized Aircraft (PAA)	4-23
	Ship Construction Plan	5-2
	Aviation Procurement Plan	5-9
Force Management Risk	Navy – Active End Strength	3-5
	Navy – Enlisted Accessions	3-6
	Navy - Enlisted Attrition Rates	3-6
	Navy – Active Enlisted Reenlistment Rates	3-6
	Navy – Reserve End Strength	3-8
	Navy - Costs for Accession/Basic Skills/Advanced Training	A-5
	Marine Corps – Active End Strength	3-10
	Marine Corps – Enlisted Accessions	3-10
	Marine Corps – Active Enlisted Reenlistment Rates	3-10
	Marine Corps – Reserve End Strength	3-12
	Marine Corps - Costs for Accession/Basic Skills/Advanced Training	A-6

Risk Category	Performance Metrics	Page #
	Civilian Personnel Levels	3-13,3-15
Future Challenges	Aviation/Ship Weapons Quantities	5-16
	Funding for R&D Activities	5-31
Institutional Risk	FSRM Recapitalization Rate	6-8
	Family housing units	6-6
	Number of Privatization Projects	6-6
	Number of Reserves Activated	1-10
	Number of Deployed Sailors	1-10

SECTION VIII - FINANCIAL SUMMARY

Total Obligation Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of direct program value. While TOA amounts differ only slightly from Budget Authority (BA) in some cases, they can differ substantially in others. The differences in TOA and BA, as evidenced in Figure 47 below, result from a combination of several factors.

TOA - The value of the direct defense program for each fiscal year regardless of the method of financing.

BA - Authority provided by law to establish obligations that will result in immediate or future outlays involving Federal government funds.

Figure 47 – TOA vs BA

<i>(In Millions of Dollars)</i>	FY 2011	FY 2012	FY 2013
Total Obligational Authority (TOA)	\$176,814	\$173,014	\$170,132
Concepts	-293	-204	-292
Financing Adjustment	-1,359	-509	560
Total Budget Authority	\$175,162	\$172,301	\$170,400

Note: Includes Overseas Contingency Operations.

The Concepts category includes receipts and other funds that are reflected in BA, but not in TOA. Offsetting receipts, including such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and fees chargeable under the Freedom of Information Act, are also in this category. Further, Trust Funds and Interfund Transaction Accounts established for the Navy General Gift Fund, Environmental Restoration of Kaho'olawe Island in Hawaii, Ships' Stores Profits, and the Naval Academy Gift and Museum Fund are included.

Financing adjustments account for many of the differences between TOA and BA. Generally, funding changes are scored as budget authority adjustments in the fiscal year in which the change itself is effective; for TOA purposes, changes are reflected as adjustments to a specific program year, based on the original appropriation.

Expiring balances also contribute to the difference between TOA and BA. Expiring balances are funds that were included in BA available for FY 2011 accounts, but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals, but not TOA. Rescissions of prior year programs are reflected in TOA available but not as BA in the year they are rescinded.

Navy Working Capital Fund Contract Authority is offset by Contract Authority liquidated and reflects the use of authority to place orders in advance of actual sales. This amount is included in BA, but not TOA.

Construction/housing transfers are transfers authorized to shift authority from many different program years to support efforts such as the Family Housing Improvement Fund.

Adjustments to finance programs with prior balances reduce the need for BA in the budget year. These include unobligated balances from supplemental appropriations available for more than a one-year period, unobligated balances transferred from the Foreign Currency Fluctuation Fund, and transfers from supplemental accounts. Other financing adjustments include changes in fund balances and differences in reimbursable orders.

Outlays represent the net of expenditures and collections from the Treasury of the United States Government. Outlays in a given fiscal year may represent the liquidation of obligations incurred over a number of years. The TOA and BA levels for FY 2011 through FY 2013 along with DON outlay estimates are summarized in Figure 48.

Figure 48 - TOA, BA, and Outlays

Department of the Navy
Summary of Direct Plan (TOA), Budget Authority (BA), and Outlays
(Dollars in Millions)

Account	TOA			BA			OUTLAYS		
	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013
MPN*	27,425	28,051	27,966	27,332	28,051	27,966	28,387	28,147	27,123
MPMC	14,052	14,294	14,102	14,016	14,294	14,102	14,089	14,262	12,446
RPN	1,959	1,980	1,938	1,962	1,980	1,938	1,999	2,010	1,917
RPMC	670	668	689	693	668	689	681	669	661
DHAN	1,841	1,806	1,184	1,841	1,806	1,184	1,841	1,806	1,184
DHAMC	1,142	1,126	739	1,142	1,126	739	1,142	1,126	673
DHANR	242	236	142	242	236	142	242	236	142
DHAMCR	132	135	81	132	135	81	132	135	81
OMN	46,965	45,639	47,487	46,963	45,639	47,487	49,284	48,747	47,690
OMMC	10,065	9,081	10,050	9,828	9,081	10,050	10,542	9,157	7,276
OMNR	1,441	1,379	1,303	1,446	1,379	1,303	1,388	1,461	1,313
OMMCR	304	307	298	304	308	298	273	330	294
ERN	-	309	311	-	309	311	-	204	269
NWCF	-	-	-	-1,100	-	-	28,300	30,336	25,498
APN	17,242	18,157	17,294	16,829	17,989	17,294	16,286	18,299	19,124
WPN	3,617	3,265	3,141	3,651	3,231	3,141	3,030	3,280	3,320
SCN	15,341	14,919	13,580	15,430	14,809	13,580	12,052	16,437	14,256
OPN	6,156	6,250	6,268	6,204	6,190	6,268	6,006	5,903	6,171
PMC	3,210	2,657	2,567	3,210	2,657	2,567	4,376	3,400	2,866
PANMC	1,444	944	1,045	1,460	916	1,045	1,334	1,567	1,300
RDTEN	17,866	17,793	16,943	17,931	17,728	16,943	18,434	20,368	17,612
NDSF	1,237	1,065	608	1,475	1,065	608	2,168	2,364	1,548
Total DON Bill	172,351	170,061	167,736	170,991	169,597	167,736	201,986	210,244	192,764
MCN	3,301	2,303	1,702	3,236	2,278	1,702	3,677	3,843	3,775
MCNR	61	26	50	61	26	50	73	98	85
BRCIV	191	129	147	160	129	147	223	179	147
BRCV	341	26	18	334	-27	18	-	274	139
FHCON	197	101	102	186	101	102	120	83	95
FHOPS	372	368	378	366	368	378	378	377	392
Total MILCON	4,463	2,953	2,397	4,343	2,875	2,397	4,471	4,854	4,633
Receipts and Other Funds				-172	-171	267	100	-244	-283
Total, DON	176,814	173,014	170,133	175,162	172,301	170,400	206,557	214,854	197,114

*OCO is included. Totals may not add due to rounding.

Derivation of FY 2012 Estimates

Figure 49 tracks changes to Department of the Navy appropriations for FY 2012, beginning with the FY 2012 President's Budget request. The changes reflect funding impacts associated with enactment of the Department of Defense, Consolidated Appropriations Act, 2012 (P.L. 112-74).

Figure 49 – Derivation of FY 2012 Estimates

(In Millions of Dollars)	FY 2012 Baseline			FY 2012 OCO		
	Request	Congressional Adjustments	Appropriations	Request	Congressional Adjustments	Appropriations
Military Personnel, Navy	27,154	-351	26,803	919	329	1,248
Military Personnel, Marine Corps	13,574	61	13,635	675	-16	659
Reserve Personnel, Navy	1,961	-25	1,936	45	-1	44
Reserve Personnel, Marine Corps	653	-8	645	25	-2	23
Health Accrual, Navy	1,806	-	1,806	-	-	-
Health Accrual, Marine Corps	1,126	-	1,126	-	-	-
Health Accrual, Navy Reserve	236	-	236	-	-	-
Health Accrual, Marine Corps Reserve	135	-	135	-	-	-
Operation & Maintenance, Navy	39,365	-1,244	38,121	7,007	511	7,518
Operation & Maintenance, Marine Corps	5,960	-417	5,543	3,571	-33	3,538
Operation & Maintenance, Navy Reserve	1,323	-18	1,305	74	-	74
Operation & Maintenance, MC Reserve	271	-	271	36	-	36
Environmental Restoration, Navy	309	-	309	-	-	-
Aircraft Procurement, Navy	18,587	-911	17,676	731	-250	481
Weapons Procurement, Navy	3,409	-185	3,224	41	-	41
Shipbuilding & Conversion, Navy	14,929	-10	14,919	-	-	-
Other Procurement, Navy	6,286	-273	6,013	282	-46	236
Procurement, Marine Corps	1,392	31	1,423	1,261	-27	1,234
Procurement of Ammunition, Navy/MC	720	-93	627	317	-	317
Research, Development, Test & Eval, Navy	17,956	-216	17,740	54	-	54
National Defense Sealift Fund	1,126	-61	1,065	-	-	-
Military Construction, Navy	2,462	-349	2,113	-	190	190
Military Construction, Naval Reserve	26	-	26	-	-	-
Family Housing Construction, N & MC	101	-	101	-	-	-
Family Housing Operations, N & MC	368	-	368	-	-	-
Navy Working Capital Fund	-	-	-	-	-	-
Base Realignment and Closure	155	-	155	-	-	-
TOTAL	\$161,390	-\$4,069	\$157,321	\$15,038	\$655	\$15,693

MILITARY PERSONNEL, NAVY

Table A-1a

Department of the Navy

Military Personnel, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Pay and Allowances of Officers	7,047	7,383	7,553
Pay and Allowances of Enlisted	16,858	16,993	17,124
Pay and Allowances of Midshipmen	75	76	77
Subsistence of Enlisted Personnel	1,091	1,121	1,173
Permanent Change of Station Travel	911	1,033	975
Other Military Personnel Costs	195	197	189
Sub Total: MPN	\$26,177	\$26,803	\$27,091
Overseas Contingency Operations*	1,248	1,248	875
Total: MPN	\$27,425	\$28,051	\$27,966

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY

Table A-1b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Health Accrual	1,815	1,806	1,184
Sub Total: DHAN	\$1,815	\$1,806	\$1,184
Overseas Contingency Operations*	26	0	0
Total: DHAN	\$1,841	\$1,806	\$1,184

* FY 2011 OCO funding is from the Cost of War report

MILITARY PERSONNEL, MARINE CORPS

Table A-2a

Department of the Navy

Military Personnel, Marine Corps

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Pay and Allowances of Officers	2,714	2,768	2,477
Pay and Allowances of Enlisted	9,184	9,388	8,634
Subsistence of Enlisted Personnel	720	751	727
Permanent Change of Station Travel	562	578	515
Other Military Personnel Costs	147	150	128
Sub Total: MPMC	\$13,327	\$13,635	\$12,481
Overseas Contingency Operations*	638	659	1,621
Other Supplemental	87	0	0
Total: MPMC	\$14,052	\$14,294	\$14,103

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS

Table A-2b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Health Accrual	1,142	1,126	673
Sub Total: DHAMC	\$1,142	\$1,126	\$673
Overseas Contingency Operations*	0	0	65
Total: DHAMC	\$1,142	\$1,126	\$739

* FY 2011 OCO funding is from the Cost of War report

RESERVE PERSONNEL, NAVY

Table A-3a

Department of the Navy

Reserve Personnel, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Reserve Component Training and Support	1,910	1,936	1,899
Sub Total: RPN	\$1,910	\$1,936	\$1,899
Overseas Contingency Operations*	49	44	39
Total: RPN	\$1,959	\$1,980	\$1,938

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, NAVY RESERVE

Table A-3b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Navy Reserves

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Health Accrual	242	236	142
Total: DHANR	\$242	\$236	\$142

* FY 2011 OCO funding is from the Cost of War report

RESERVE PERSONNEL, MARINE CORPS

Table A-4a

Department of the Navy

Reserve Personnel, Marine Corps

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Reserve Component Training and Support	634	645	665
Sub Total: RPMC	\$634	\$645	\$665
Overseas Contingency Operations*	21	23	25
Other Supplemental	15	0	0
Total: RPMC	\$670	\$668	\$690

MEDICARE-ELIGIBLE RETIREE HEALTH FUND CONTRIBUTION, MARINE CORPS RESERVE

Table A-4b

Department of the Navy

Medicare-Eligible Retiree Health Fund Contribution, Marine Corps Reserve

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Health Accrual	132	135	81
Total: DHAMCR	\$132	\$135	\$81

* FY 2011 OCO funding is from the Cost of War report

OPERATION AND MAINTENANCE, NAVY

Table A-5

Department of the Navy

Operation and Maintenance, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
<u>Operating Forces</u>			
Air Operations	7,544	8,072	8,653
Ship Operations	10,421	10,358	11,861
Combat Operations/Support	3,215	2,870	3,043
Weapons Support	2,159	2,259	2,201
Base Support	7,377	7,462	8,001
Total - Operating Forces	\$30,715	\$31,021	\$33,758
<u>Mobilization</u>			
Ready Reserve and Prepositioning Forces	413	493	335
Activations/Inactivations	187	212	1,073
Mobilization Preparedness	96	91	110
Total - Mobilization	\$697	\$796	\$1,518
<u>Training and Recruiting</u>			
Accession Training	288	307	298
Basic Skills and Advanced Training	895	896	912
Recruiting & Other Training and Education	536	556	507
Total - Training and Recruiting	\$1,719	\$1,759	\$1,716
<u>Administration and Servicewide Support</u>			
Servicewide Support	1,946	1,889	1,792
Logistics Operations and Technical Support	1,766	1,526	1,700
Investigations and Security Programs	1,176	1,123	1,117
Support of Other Nations	5	6	5
Other	6	0	0
Total - Administration and Servicewide Support	\$4,899	\$4,544	\$4,615
Sub Total: O&MN	\$38,030	\$38,121	\$41,607
Overseas Contingency Operations*	8,527	7,518	5,880
Other Supplemental	408	0	0
Total: O&MN	\$46,965	\$45,639	\$47,487

* FY 2011 OCO funding is from the Cost of War report

OPERATION AND MAINTENANCE, MARINE CORPS

Table A-6

*Department of the Navy**Operation and Maintenance, Marine Corps**(Dollars in Millions)*

	FY 2011	FY 2012	FY 2013
<u>Operating Forces</u>			
Expeditionary Forces	1,455	1,193	1,719
USMC Prepositioning	73	101	100
Base Support	2,778	3,012	3,014
Total - Operating Forces	\$4,305	\$4,306	\$4,833
<u>Training and Recruiting</u>			
Accession Training	17	19	19
Basic Skills and Advanced Training	426	443	416
Recruiting & Other Training and Education	315	248	245
Total - Training and Recruiting	\$757	\$710	\$680
<u>Administration and Servicewide Support</u>			
Servicewide Support	356	436	386
Logistics OPS & Technical Support	87	91	83
Total - Administration and Servicewide Support	\$442	\$528	\$469
Sub Total: O&MMC	\$5,505	\$5,543	\$5,983
Overseas Contingency Operations*	4,463	3,538	4,066
Other Supplemental	97	0	0
Total: O&MMC	\$10,065	\$9,081	\$10,049

* FY 2011 OCO funding is from the Cost of War report

OPERATION AND MAINTENANCE, NAVY RESERVE

Table A-7

Department of the Navy

Operation and Maintenance, Navy Reserve

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
<u>Operating Forces</u>			
Air Operations	729	764	741
Ship Operations	139	104	131
Combat Operations/Support	158	169	140
Weapons Support	5	7	2
Base Support	286	238	210
Total - Operating Forces	\$1,317	\$1,283	\$1,224
<u>Administration and Servicewide Support</u>			
Servicewide Support	23	19	20
Logistics Operations and Technical Support	3	3	3
Total - Administration and Servicewide Support	\$26	\$22	\$23
Sub Total: O&MNR	\$1,343	\$1,305	\$1,247
Overseas Contingency Operations*	88	74	56
Other Supplemental	11	0	0
Total: O&MNR	\$1,442	\$1,379	\$1,303

* FY 2011 OCO funding is from the Cost of War report

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

Table A-8

Department of the Navy

Operation and Maintenance, Marine Corps Reserve

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
<u>Operating Forces</u>			
Expeditionary Forces	115	111	106
Base Support	140	137	142
Total - Operating Forces	\$255	\$248	\$248
<u>Administration and Service-wide Support</u>			
Service-wide Support	19	23	24
Total - Administration and Service-wide Support	\$19	\$23	\$24
Sub Total: O&MMCR	\$274	\$271	\$272
Overseas Contingency Operations*	29	36	25
Other Supplemental	1	0	0
Total: O&MMCR	\$304	\$307	\$297

* FY 2011 OCO funding is from the Cost of War report

ENVIRONMENTAL RESTORATION, NAVY

Table A-9

Department of the Navy

Environmental Restoration, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Environmental Restoration Activities	0	309	311
Total: ERN	\$0	\$309	\$311

Note: These funds are transferred to O&M,N after appropriation and reported in executed balances there.

AIRCRAFT PROCUREMENT, NAVY

Table A-10

Department of the Navy

Aircraft Procurement, Navy

(Dollars in Millions)

	FY 2011		FY 2012		FY 2013	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
Combat Aircraft	155	12,737	166	13,876	147	12,952
Airlift Aircraft	1	74	0	0	0	0
Trainer Aircraft	0	26	36	257	33	279
Other Aircraft	3	59	13	279	11	211
Modification of Aircraft	0	1,501	0	1,654	0	2,029
A/C Spares & Repair Parts	0	1,227	0	1,163	0	1,166
A/C Support Equip & Facilities	0	419	0	447	0	491
Sub Total: APN	159	\$16,042	215	\$17,676	191	\$17,129
Overseas Contingency Operations*	13	600	1	481	1	165
Other Supplemental		600		0		0
Total: APN	172	\$17,242	216	\$18,157	192	\$17,294

* FY 2011 OCO funding is from the Cost of War report

WEAPONS PROCUREMENT, NAVY

Table A-11

Department of the Navy

Weapons Procurement, Navy

(Dollars in Millions)

	FY 2011		FY 2012		FY 2013	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
<u>Ballistic and Other Missiles</u>						
TRIDENT II Mods	24	1,100	24	1,306	0	1,225
ESSM	33	45	35	48	37	58
Tomahawk	196	287	196	298	196	309
AMRAAM	101	145	67	105	67	103
Sidewinder	64	49	68	42	150	80
JSOW	225	129	246	132	280	128
STANDARD	67	247	89	357	94	399
RAM	90	100	61	66	62	67
Hellfire	559	42	286	23	998	75
Aerial Targets	-	42	-	46	-	62
Other	45	658	72	371	100	174
<u>Torpedoes and Related Equipment</u>						
Mk-54 Torpedo Mods	0	42	45	77	75	74
Mk-48 Torpedo ADCAP Mods	22	30	58	42	94	54
Torpedo Support Equipment	-	44	-	43	-	46
Other	-	27	-	50	-	35
<u>Other Weapons/Spares</u>						
CIWS MODS	2	29	-	38	-	59
Gun Mount Mods	-	43	-	44	-	55
Other	-	100	-	86	-	54
Spares and Repair Parts	-	59	-	50	-	60
Sub Total: WPN	1,428	\$3,216	1,247	\$3,224	2,153	\$3,118
Overseas Contingency Operations*	998	91	290	41	262	24
Other Supplemental	221	310		0		0
Total: WPN	2,647	\$3,617	1,537	\$3,265	2,415	\$3,142

* FY 2011 OCO funding is from the Cost of War report

SHIPBUILDING AND CONVERSION, NAVY

Table A-12

Department of the Navy

Shipbuilding and Conversion, Navy

(Dollars in Millions)

	FY 2011		FY 2012		FY 2013	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
<u>New Construction</u>						
CVN 21	0	2,616	0	555	1	608
SSN 774	2	5,093	2	4,683	2	4,092
DDG 51	2	2,900	1	2,081	2	3,515
DDG 1000	0	247	0	454	0	669
LCS	2	1,241	4	1,755	4	1,785
LPD-17	0	0	1	1,837	0	0
LHA(R)	1	938	0	1,999	0	0
JHSV	1	180	2	372	1	189
MLP/AFSB*	2	0	1	0	0	0
Total New Construction	10	\$13,215	11	\$13,736	10	\$10,858
<u>Other</u>						
CVN RCOH	0	1,648	0	530	1	1,683
Moored Training Ship	0	0	0	131	0	307
LCAC SLEP	4	83	4	84	2	48
Oceanographic Ships	1	88	1	89	0	0
Outfitting	0	294	0	271	0	310
Completion of PY Shipbuilding Pgm	0	0	0	74	0	373
Service Craft	0	14	0	4	0	0
Total Other	-	\$2,127	-	\$1,183	-	\$2,722
Total: SCN	-	\$15,342	-	\$14,919	-	\$13,580

* MLP funded in NDSF (FY 2011: \$800M, FY 2012: \$400M, FY 2013: \$38M)

OTHER PROCUREMENT, NAVY**Table A-13****Department of the Navy****Other Procurement, Navy***(Dollars in Millions)*

	FY 2011	FY 2012	FY 2013
Ship Support Equipment	2,267	2,318	2,032
Communications and Electronics Equipment	1,713	1,922	2,163
Aviation Support Equipment	317	328	440
Ordnance Support Equipment	640	664	645
Civil Engineering Support Equipment	87	71	84
Supply Support Equipment	93	73	63
Personnel and Command Support Equipment	420	429	491
Spares and Repair Parts	215	208	251
Sub Total: OPN	\$5,751	\$6,013	\$6,169
Overseas Contingency Operations*	405	236	99
Total: OPN	\$6,156	\$6,249	\$6,268

* FY 2011 OCO funding is from the Cost of War report

PROCUREMENT, MARINE CORPS

Table A-14

Department of the Navy

Procurement, Marine Corps

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
<u>Weapons and Combat Vehicles</u>			
LW155MM Lightweight Howitzer	10	6	18
HIMARS	20	15	48
LAV PIP	41	147	186
AAV7A1 PIP	8	10	16
Weapons and Combat Vehicles under \$5 million	26	15	18
MOD Kits	30	54	48
Other	23	26	7
<u>Guided Missiles and Equipment</u>			
Ground Based Air Defense (GBAD)	4	12	11
Other	45	70	40
<u>Communication and Electronics Equipment</u>			
Repair and Test Equipment	26	24	25
Comm Switching & Control Systems	14	17	23
Common Computer Resources	219	219	207
Radio Systems	32	125	89
Night Vision Equipment	0	7	48
Comm & Elec Infrastructure Support	14	48	43
Command Post Systems	31	85	35
Other	261	216	240
<u>Support Vehicles</u>			
5/4T Truck HMMWV (MYP)	0	0	8
Logistics Vehicle System Rep.	133	1	37
Other	64	56	122
<u>Engineer And Other Equipment</u>	250	272	351
<u>Spares and Repair Parts</u>	13	0	3
Sub Total: PMC	\$1,265	\$1,423	\$1,623
Overseas Contingency Operations*	1,946	1,234	944
Total: PMC	\$3,211	\$2,657	\$2,567

* FY 2011 OCO funding is from the Cost of War report

**PROCUREMENT OF
AMMUNITION, NAVY
AND MARINE CORPS**
Table A-15

Department of the Navy
Procurement of Ammunition, Navy and Marine
Corps
(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Navy Ammunition	410	342	461
Marine Corps Ammunition	353	285	299
Sub Total: PANMC	\$763	\$627	\$760
Overseas Contingency Operations*	680	317	286
Total: PANMC	\$1,443	\$944	\$1,046

* FY 2011 OCO funding is from the Cost of War report

**RESEARCH, DEVELOPMENT, TEST
AND
EVALUATION, NAVY**

Table A-16

Department of the Navy
Research, Development, Test and Evaluation, Navy

(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Basic Research	539	605	605
Applied Research	704	823	790
Advanced Technology Development	759	692	584
Advanced Component Development	3,889	4,431	4,335
System Development and Demonstration	6,281	6,263	5,747
RDT&E Management Support	1,175	839	845
Operational Systems Development	4,230	4,087	3,976
Sub Total: RDT&E,N	\$17,577	\$17,740	\$16,883
Overseas Contingency Operations*	256	54	60
Other Supplemental	33	0	0
Total: RDT&E,N	\$17,866	\$17,794	\$16,943

* FY 2011 OCO funding is from the Cost of War report

NATIONAL DEFENSE SEALIFT FUND**Table A-17****Department of the Navy****National Defense Sealift Fund***(Dollars in Millions)*

	FY 2011	FY 2012	FY 2013
Strategic Sealift Acquisition	713	424	77
DoD Mobilization Assets	134	319	185
Research and Development	18	48	43
Ready Reserve Force	372	274	303
Total: NDSF	\$1,237	\$1,065	\$608

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS – ACTIVE AND RESERVE

Table A-18

Department of the Navy

Military Construction, Navy and Navy Reserve

(Dollars in Millions)

	FY2011	FY 2012	FY2013
<u>Significant Programs</u>			
Major Construction	3,156	2,007	1,583
Minor Construction	21	22	17
Planning and Design	120	84	103
Foreign Currency	4	0	0
Sub Total: Navy	\$3,301	\$2,113	\$1,702
Overseas Contingency Operations*	0	190	0
Total: Navy	\$3,301	\$2,303	\$1,702
 <u>Naval Reserve</u>			
Major Construction	57	22	47
Minor Construction	2	2	0
Planning and Design	2	3	2
Total: Naval Reserve	\$61	\$26	\$50

* FY 2011 OCO funding is from the Cost of War report

FAMILY HOUSING, NAVY AND MARINE CORPS

Table A-19

Department of the Navy

Family Housing, Navy and Marine Corps

(Dollars in Millions)

	FY2011	FY 2012	FY2013
<u>Navy</u>			
Construction	79	75	82
O&M	346	341	349
Total: Navy	\$424	\$416	\$432
<u>Marine Corps</u>			
Construction	118	26	20
O&M	26	27	29
Total: Marine Corps	\$144	\$53	\$49
Total: FH,N&MC	\$568	\$469	\$480

BASE REALIGNMENT AND CLOSURE ACCOUNTS**Table A-20**

*Department of the Navy**Base Realignment and Closure Accounts**(Dollars in Millions)*

	FY 2011	FY 2012	FY2013
Base Realignment and Closure IV	191	129	147
Base Realignment and Closure V	340	26	18
Total: BRAC	\$531	\$155	\$165

LIST OF ACRONYMS

A

AAG – Advance Arresting Gear
AARGM - Advanced Anti-Radiation Guided Munition
AAV – Assault Amphibious Vehicle
AC - Active Component
ACV – Amphibious Combat Vehicle
AFSB – Afloat Forward Staging Base
ALMDS - Airborne Laser Mine Detection System
AMDR – Air and Missile Defense Radar
AMNS - Airborne Mine Neutralization System
AMRAAM - Advanced Medium Range Air-to-Air Missile
AoA – Analysis of Alternatives
AOR – Area of Responsibility
APKWS - Advanced Precision Kill Weapon System

B

BA - Budget Authority
BAMS - Broad Area Maritime Surveillance
BEQ – Bachelor Enlisted Quarters
BMD – Ballistic Missile Defense

C

CANES - Consolidated Afloat Networks and Enterprises Services
CEC - Cooperative Engagement Capability
CENTCOM - US Central Command
CG - Cruiser
CLS – Contracted Logistics Support
CNATRA - Chief of Naval Air Training
COBRA - Coastal Battlefield Reconnaissance and Analysis
COC - Combat Operations Center
COCOMs - Combatant Commanders
CONUS – Continental United States
CoSC – Continuity of Service Contract
CREW – Counter Electronic Warfare
CSGs - Carrier Strike Groups
CV – JSF Carrier Variant

CVN – Nuclear Aircraft Carrier
CVW – Carrier Air Wing
C4I - Command, Control, Communication, Computers and Intelligence

D

D&I - Discovery and Invention
DAWDF – Defense Acquisition Workforce Development Fund
DDG – Guided Missile Destroyer
DHP – Defense Health Program
DLA - Defense Logistics Agency
DoD – Department of Defense
DON – Department of the Navy
DT1B – Developmental Test 1B

E

EA – Electronic Attack
EHW – Explosive Handling Wharf
EMALS – Electromagnetic Aircraft Launch System
ERB – Enlisted Retention Board
ERP - Enterprise Resource Planning
ES – End Strength
ESGs - Expeditionary Strike Groups
EW – Electronic Warfare

F

FAS - Fleet Air Support
FAT - Fleet Air Training
FDNF - Forward Deployed Naval Forces
FECs - Facilities Engineering Commands
FHP – Flying Hour Program
FIAR - Financial Improvement and Audit Readiness
FIP - Financial Improvement Program
FNCs - Future Naval Capabilities
FOS – Full Operating Status
FOV – Family of Vehicles
FRC - Fleet Readiness Center
FRP - Fleet Response Plan
FRTP – Fleet Response Training Plan
FSM – Facility Sustainment Model

FRS - Fleet Replacement Squadrons
FSRM – Facility Sustainment, Restoration, and Modernization
FTE - Full-Time Equivalent
FY- Fiscal Year
FYDP - Future Years Defense Plan

G

G/ATOR – Ground/Air Task Oriented Radar
GCCS - Global Command and Control System
GPS/INS – Global Positioning System/Inertial Navigation System

H

HADR – Humanitarian Assistance and Disaster Relief
HARM - High-Speed Anti-Radiation Missile
HDLD - High Demand, Low Density
HII – Huntington Ingalls Industries
HIMARS - High Mobility Artillery Rocket System
HM&E - Hull, Mechanical and Electrical

I

IA – Individual Augmentee
IED – Improvised Explosive Device
INP - Innovative Naval Prototypes
IPA – Independent Public Accountant
ISR - Intelligence, Surveillance and Reconnaissance
IT – Information Technology
IW – Irregular Warfare

J

JAGM – Joint Air-to-Ground Missile
JHSV - Joint High Speed Vessel
JLTV - Joint Light Tactical Vehicle
JPATS - Joint Primary Aircraft Training System
JSF - Joint Strike Fighter
JSOW - Joint Standoff Weapon
JTRS - Joint Tactical Radio System

L

LCAC - Landing Craft Air Cushion

LCS - Littoral Combat Ship
LMSR - Large, Medium Speed Roll-On/Roll-Off
LOC – Limited Operational Capability
LPD – Amphibious Dock Ship
LRIP – Low-Rate Initial Production
LSD - Dock Landing Ship

M

MAGTF - Marine Air-Ground Task Force
MAW – Marine Air Wing
MCM - Mine Countermeasures
MCTUAS - Marine Corps Tactical Unmanned Aircraft System
MDAP – Major Defense Acquisition Program
MEFs - Marine Expeditionary Forces
MEUs - Marine Expeditionary Units
MILCON - Military Construction
MLP - Mobile Landing Platform
MOS – Military Occupational Specialty
MPC – Marine Personnel Carrier
MPS - Maritime Prepositioning Ships
MRAP - Mine Resistant Ambush Protected vehicle
MRMUAS – Medium Range Maritime Unmanned Aerial System
MRRS – Multi-Role Radar System
MSC - Military Sealift Command
MUOS - Mobile User Objective System
MYP – Multi-Year Procurement

N

NCO – Non-commissioned officer
NDSF - National Defense Sealift Fund
NECC - Navy Expeditionary Combat Command
NFESC - Naval Facilities Engineering Service Center
NGEN - Next Generation Network
NIFC-CA - Naval Integrated Fire Control - Counter Air
NMCI – Navy-Marine Corps Intranet
NMT - Navy Multiband Terminal
NNE – Naval Networking Environment
NUCAS – Navy Unmanned Combat Air System

NWCF - Navy Working Capital Fund

O

OA – Operational Assessment

OASIS - Organic Airborne and Surface Influence Sweep System

OCO – Overseas Contingency Operations

OCONUS – Outside Continental United States

OEF - Operation Enduring Freedom

O&M – Operation & Maintenance

OMB – Office of Management and Budget

OPDS - Offshore Petroleum Distribution System

OPTEMPO - Operational Tempo

P

PAA - Primary Authorized Aircraft

PACOM – Pacific Command

PBL – Performance Base Logistics

PTS – Perform to Serve

R

RAM - Rolling Airframe Missile

RC - Reserve Component

RCOH - Refueling Complex Overhaul

R&D – Research & Development

RDTE – Research, Development, Test and Evaluation

RFU – Ready for Use

R&M - Restoration and Modernization

RMS – Remote Mine Hunting System

ROS - Reduced Operating Status

RSS – Re-Supply Systems

S

S2F – Speed to Fleet

SAL – Semi-active Laser

SBR – Statement of Budgetary Resources

SDB – Small Diameter Bomb

SEWIP – Surface Electronic Warfare Improvement Program

SM - Standard Missile

SMCR - Selected Marine Corps Reserve

SOF – Special Operations Force

SOPGM – Stand-Off Precision Guided Munitions

SSBN – Nuclear Ballistic Submarine

SSC – Ship to Shore Connector

SSN - Nuclear Attack Submarine

S&T - Science and Technology

STOVL - Short Takeoff and Vertical Landing

STUAS - Small Tactical Unmanned Aircraft System

SUW – Surface Warfare

T

TACAIR – Tactical Air

TACAIR/ASW - Tactical Air/Anti-Submarine Warfare

T-AE – Combat Logistics Ship

T-AGOS - Ocean Surveillance Ship

TAI - Total Aircraft Inventory

T-AKE - Dry-Cargo Ammunition Ship

TAMD – Theater Air Missile Defense

T-AO(X) – Fleet Oiler Replacement

TOA - Total Obligation Authority

TSW - Tactical Support Wing

TTE – Technical Training Equipment

U

UAS - Unmanned Aerial System

UAV - Unmanned Aerial Vehicle

UCLASS – Unmanned Carrier Launched Airborne Surveillance and Strike

USMC – United States Marine Corps

UHF - Ultra High Frequency

V

VSAT - Very Small Aperture Terminal

VTUAV - Vertical Take Off and Landing

Tactical Unmanned Aerial Vehicle

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